

AN INVESTIGATION INTO THE IMAGE OF PURCHASING IN
MANUFACTURING FIRMS IN THE STATE OF VIRGINIA

by

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PREFACE

The author became interested in the purchasing area while performing procurement duties for the United States Air Force. Based upon the indoctrination and training received, there seemed to be little or no question that purchasing was considered one of the most important functions in any business operation. After several discussions with various college professors at the Virginia Polytechnic Institute, there began to be doubts in the writer's mind as to the actual image of industrial purchasing. As a result of these discussions, the forces behind this study were set in motion.

It was realized that the general topic was much too broad for a paper of this nature. Therefore, it was decided to limit the empirical portion of this study to only the manufacturing concerns in the state of Virginia.

Purchasing personnel of many of these concerns contributed valuable information to this study, and to them the author extends his thanks. Without their help, this study could not have been performed.

Particular thanks go to _____ whose able guidance and valuable suggestions assisted the author during the preparation of this thesis. The author also wishes to acknowledge, with much appreciation, _____ and _____ for their valuable assistance toward the completion of this work.

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For the excellent job of typing the final draft of this thesis, gratitude is extended to

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CHAPTER I

INTRODUCTION

Every industrial activity requires materials and supplies with which to work. Before a wheel can start turning in the manufacturing process, assurance of a continuing supply to meet production needs and schedules must be evident. The quality of materials must be adequate for the intended purpose and suitable to the process and the equipment used. Failure on any of these points may entail costly delays, inefficient production, inferior products, broken delivery promises, and disgruntled customers. To maintain a favorable competitive selling position and satisfactory profits, the materials must be procured at the lowest cost consistent with quality and service requirements. Cost of procurement, and cost of maintaining materials, must also be kept at an economical level. These elementary considerations are the basis of the whole function and science of industrial purchasing.¹

As the preceding quotation emphasizes, one of the primary functions in the activities of the great business complex is purchasing. The initial step in the cost of manufacturing any item is the acquisition of raw material. Before any item can be produced, a purchase must be made. In construction operations, tools and equipment must be procured before the labor force can begin work. The significance of purchasing is exemplified by the fact that in the inception of any product, something must be bought, and the continuance of the production of the product perpetuates the important function of purchasing.² Once the facets of purchasing are defined, one can better understand the importance of this function in business.

Statement of the Problem

There was a time when industrial purchasing was considered a shoddy affair

and management paid little or no attention to it. The purchasing department was often referred to as the company "dumping ground" because almost anyone was considered capable of performing the job. But times have been changing and the importance of purchasing has been recognized by many top management executives.

From articles found in publications of the past five to ten years, the problem appears to be that in many industries the actual image of purchasing does not coincide with its theoretical image, which is that of being one of the most important functions within the company. The theoretical or textbook image is the image that is commonly presented in modern textbooks, and it should be viewed in that light. It is this area of incongruent images in which research must be conducted in order to establish foundations for the further improvement of the purchasing image.

Purpose

The range of business in the Standard Industrial Classification is rather broad; therefore, in this study, only the manufacturing segment of this category in the State of Virginia is utilized. The purpose of this study is to show that within this segment the actual image of purchasing does not coincide with its textbook image. Also, specific recommendations are made that will help to improve the image of purchasing.

Because of the geographical limitations of this study to the State of Virginia, inferences from the investigation will be drawn only about manufacturing concerns in this state. More general comments will be made, however, about industrial purchasing based on the views of college students at Virginia Polytechnic Institute and articles by various authors who have written in this field.

Major Hypotheses

It is the general hypothesis of this thesis that the image of purchasing in Virginia manufacturing firms does not coincide with its theoretical or textbook image of being one of the most highly recognized and important management functions.

The following hypotheses which cover significant aspects of the image will be tested also.

1. It is hypothesized that the larger companies in Virginia have recognized the purchasing function to a greater degree than the smaller companies; and that the larger companies show a more favorable image of purchasing which supports a higher level of status.

2. It is hypothesized that purchasing agents are older men without a college degree who see themselves at the pinnacle of their careers in small firms more so than in large firms, and that future efforts will be rewarded by increased salary and fringe benefits rather than promotions.

3. It is hypothesized that companies fill entry-level positions in purchasing by interdepartmental transfers, personnel department selection, or means other than college recruitment; although, college recruitment is used to obtain personnel for other departments.

4. It is hypothesized that Virginia Polytechnic Institute students in business administration and engineering are generally knowledgeable of the purchasing field and its opportunities, although they do not consider positions and/or careers in purchasing.

Also, there are various subsidiary issues which will be discussed in order to present a more complete picture of purchasing. These issues introduce important factors not specifically stated in the hypotheses.

Methodology

Many books and articles which related generally to the subject of this thesis were reviewed for pertinent information. Other related studies and surveys that could be obtained were also reviewed for basic data. Several of the factors discussed in the chapter on investigation were found through these sources.

Two questionnaires were developed. The purpose of the first one was to obtain data from college students concerning their knowledge and image of the purchasing field. This questionnaire was administered to 229 Virginia Polytechnic Institute students, primarily in the curriculums of business administration and engineering, during the first session of summer school 1967. A total of 221 usable questionnaires resulted. There were 123 business administration respondents, 80 engineering respondents and 18 classified as other. A copy of this questionnaire can be found in appendix A.

The second and more detailed questionnaire was designed to seek various information from the heads of purchasing departments in Virginia manufacturing firms. The information sought by this questionnaire relates to the factors discussed in chapter three. Through a cross check between a current roster of the Old Dominion Purchasing Agents Association and the latest issue of the Directory of Virginia Manufacturing and Mining, a total of 245 purchasing department heads were selected to compose the mailing list.

A follow-up letter was mailed to obtain a larger percentage of returns. This letter was sent to those on the original mailing list who did not identify themselves in the questionnaires which were returned. A total of 102 usable returns (41.6%) were received. Of this total, 62 were classified as small businesses and 40 as large businesses. The criterion for classification was the number of company employees. Companies employing less than 500 were classified as small, and those with 500 or more employees were classified as large. A copy of this questionnaire and the cover letter can be found in appendix B.

The findings of these questionnaires are presented at various places throughout chapter three. Information from the articles and books reviewed is presented first, followed by related data. This chapter ties the review of literature and empirical findings together for a more comprehensive picture of several of the factors which influence the purchasing image.

It should be pointed out that a great deal of judgement was involved in the evaluation of information related to the stated hypotheses. Acceptance or rejection of the hypotheses will also depend a great deal on the judgement of the author concerning the findings. Conclusions will follow the discussion of each major factor related to these hypotheses.

Scope

With the exception of Chapters II and IV, in which the evolving concept and the future of purchasing are discussed, the scope of this thesis is limited to the

image of the purchasing function. Only those factors presented in chapter three which may influence the image of this function are discussed in this study. This limitation of areas to be covered is consistent with the purpose of this study as stated previously.

Order of Presentation

Chapter one, which serves as an introduction, is devoted to explaining the problem involved in this thesis and the approach or methodology of the author. General hypotheses to be tested are presented here. Chapter two is concerned with the evolving concept of purchasing in which definitions and historical information are presented.

The investigation of the purchasing image discussed in chapter three encompasses the major portion of this study by combining a review of literature concerning the selected factors with empirical data concerning those factors. Data gathered by means of both questionnaires are presented under the various sections in this chapter. Conclusions are presented following the discussions of each factor and then summarized in chapter five.

A brief discussion of purchasing in the future is presented in order to help those interested in the field gain additional knowledge of what will be expected of future purchasing personnel. This immediately precedes chapter five, which consists of the conclusions and recommendations.

CHAPTER II

PURCHASING: AN EVOLVING CONCEPT

The Nature of Images

The word image is not an easy word to define precisely and clearly, although it is used many times during the course of a business day. An image may be defined in an informal way as "A final impression of an object that an individual has received through his physical senses and psychological experiences."³ Webster defines image in these terms, "See with the minds eye."⁴ In other words, an image is created as a result of perception, that is, how individuals form a picture or understanding of the world in which they live. When related to purchasing, the perception of the purchasing function, or the picture or understanding of the function formed by individuals would create an image of purchasing.

Purchasing Defined

Purchasing is the acquisition of adequate materials, supplies, machinery, and services essential in the conduct of business, and the payment of an accepted price or other consideration. Purchasing includes the preparation of specifications, screening of vendors, negotiations, awarding of contracts, and assurance of timely delivery.⁵ Purchasing is sometimes defined as, "buying materials of the right quality, at the right time, at the right price, from the right source."⁶ This broad definition indicates the involvement of policy decisions and analysis of alternative actions prior to the purchase. The definition of the term "right" varies according to the industry and the situation.

Historical Image of Purchasing

The following quotation by Clarence B. Randall presents a vivid description of the legendary purchasing agent, whose crafty methods created disrespect and a lack of trust on the part of all who had to deal with him.

The company buyer was a little man in the back room. He usually worked with his coat off, even in the winter. Inevitably he kept rolling a half-smoked cigar around in his mouth, and he held a short pencil between his fingers. He bought on price, and price only.

He loved to 'sweat' the salesman. He would tell each that a competitor had quoted a lower figure, and let the poor anguished soul guess at his peril whether or not he was telling the truth, which he usually wasn't. If the commodity was one that was 'stabilized' by the big producers and had a firm price that could not be broken, he would sign the contract but take a side agreement that the seller would later accept billing for a fake claim based upon an alleged shortage in quantity or defect in quality. This had the advantage that the supplier could covertly show the signed agreement to his competitor to prove that he had not cut the price.

His basic technique was to make all callers wait. Deliberate discourtesy seemed to be the only human approach he knew. His stuffy little reception room was often crowded, but he always took his time.

He would not only play one supplier against another, but within the same company whipsaw one man against another, hoping to get a break by catching them off guard. And don't think for a moment that he was above taking a kickback for himself.

In his ignorance he did not realize that he was defeating his own ends. He had the short pencil, but those with whom he dealt had long memories. Behind the mask of their professional salesman smiles lay eternal loathing. As deception was piled upon deception and insult upon insult, they swore to take their revenge and square accounts. In the fullness of time they always did.

When the wheel of the economy turned round, so that the goods they sold were in short supply, and the crafty buyer needed their help badly, they drove in the knife, and drove it deep. It was their turn to make him wait. Even when he was compelled to bid frantically above the market, they found ways to discipline him.

Management paid little attention to all this. Purchasing was then classified as a nonproductive activity. Business was thought to have two important aspects: making a product and selling it. Purchasing was grouped with accounting, research, advertising, and the like, as being on the fringe of utility.

Times suddenly changed with the coming of World War II. Because of the acute procurement difficulties, purchasing was catapulted into prominence. In the transition from a civilian to a war economy, many companies were saved from disaster solely by the ingenuity, persistence, and resourcefulness of their buyers. Highly competent people had to be given the responsibility for this vital function, and they brought new techniques and new standards of conduct.

At the end of hostilities, the sudden surge of demand for consumer goods made it imperative that these new standards be maintained. The atmosphere of the Kasbah was eliminated. The purchasing agent had to be a man of wise judgement and complete honesty of purpose, one who was justly proud of the contribution which he could make to the welfare of his company. Newcomers who now try the old way find to their sorrow that it doesn't pay off.⁷

The preceding descriptions present the purchasing agent of legend. His image has been changed by today's trained, responsible purchasing executive. He has gained a position of respect and trust from his associates.

Evolution of Purchasing

There has been a process of development in the way purchasing activities are actually conducted corresponding to the evolution of broad managerial responsibilities. In the first stage there was a complete absence of planning and control due to indiscriminate buying by foremen, mechanics, department heads or whoever happened to need materials or supplies at the moment. Each department

made provision for its own material needs independent of other departments and according to its own policies. Buying was considered secondary, and as a result, purchasing and material costs were lost in total departmental costs. With only a few significant purchasing records and practically no standards of performance and value, management had little on which to base an intelligent appraisal. There was waste in materials, duplication and inconsistency under such circumstances.⁸

Some of the shortcomings of the first stage were remedied at least partially in the second stage where routine purchasing duties were assigned to a purchasing clerk within the department. As long as purchasing was regarded as simply a clerical function without any incentive for the purchasing personnel to become more knowledgeable of materials and sources of supply, or without any opportunity to exercise judgement, even though better records were kept, there was little improvement in purchasing performance. Under such circumstances, the only way the clerk could show accomplishment was by getting a better price. First emphasis then went to shrewdness and the ability to bargain.⁹

At the third stage purchasing was given more authority and independence which set it up as a separate department, although it remained under the production manager. Records were developed and some elementary market studies were performed. Requirements were consolidated for lower prices, and standardization was used on a small scale. A conscious effort was made to improve vendor relationships. Competitive bids were used to stimulate competition, and emergency requirements were needed less frequently. At this stage,

procedure received primary emphasis, but there was still no policy-making authority. There was no planned, long-range program. Even though the purchasing man saw many of the opportunities for service, value, and economy, he was in a position where he could only make suggestions to his superior.¹⁰

At the fourth stage, centralized purchasing as a distinct functional responsibility came with mass-production operations, large-scale organization of companies, and the increased complexities of distribution. With a separate purchasing department headed up by a responsible executive, price and efficient procedures were still a matter of concern, but they did not receive first emphasis for their own sake. Price was balanced with other important factors such as quality, quantity, and timing in order to get the greatest value for the dollars spent. Procedures were used to implement established purchasing policies. Research and analysis techniques were also added to help realize purchasing's potential toward making and conserving company profits.¹¹

Purchasing Objectives

An objective is a standard of achievement. It is something tangible and valuable which provides guidelines for an individual or organization. Industrial organizations have objectives which vary in the degree of importance. Purchasing, an important part of the organization, has specific guides or objectives for measuring its performance. The fundamental purchasing objectives for a manufacturing firm can be summed up as follows:

1. To support the manufacturing schedule by maintaining continuity of supply.

2. To be consistent with safety and economic advantage by minimum investment in inventory.
3. To avoid materials waste, duplication, and obsolescence.
4. To maintain material quality standards.
5. To procure lowest cost materials consistent with quality and service required for manufacturing.
6. To conserve the company's profit position, in so far as material costs are concerned, and maintain the competitive position of the company within the industry.¹²

Principles and Standards of Purchasing Practice

The National Association of Purchasing Agents has made many contributions to the purchasing field in the form of guidelines and standards. The adoption of the guides and standards by P.A.'s has helped to erase the image of the back-room, double-dealing purchasing agent and to create a more favorable image of the purchasing function.

There are three major principles advocated by the National Association of Purchasing Agents to guide the purchasing agent. They are: "Loyalty to his company, justice to those with whom he deals, and faith in his profession."¹³

From these principles are derived ten standards to which the National Association of Purchasing Agents subscribes. They are expressed in the following statements:

1. To consider, first, the interests of his company and all transactions and to carry out and believe in its established policies.
2. To be receptive to competent counsel from his colleagues and to be guided by such counsel without impairing the dignity and responsibility of his office.
3. To buy without prejudice, seeking to obtain the maximum ultimate value for each dollar of expenditure.
4. To strive consistently for knowledge of the materials and processes of manufacture, and to establish practical methods for the conduct of his office.
5. To subscribe and work for honesty and truth in buying and selling, and to denounce all forms and manifestations of commercial bribery.
6. To accord a prompt and courteous reception, so far as conditions will permit, to all who call on a legitimate business mission.
7. To respect his obligations and to require that obligations to him and his concern be respected, consistent with good business practice.
8. To avoid sharp practice.
9. To counsel and assist fellow purchasing agents in the performance of their duties, whenever occasion permits.
10. To co-operate with all organizations and individuals engaged in activities designed to enhance the development and standing of purchasing.¹⁴

Relations with Other Departments

Purchasing has important relationships with practically all of the other major departments in the organization. These associations between departments are essential for the continuity of the manufacturing process.

Purchasing usually requests that specifications be given that allow latitude in making purchases so that consideration may be given to price, economy, and production convenience. Engineering is encouraged to use as many standard

items as possible to reduce prices and ordering costs. Purchasing sometimes suggests substitutes that are more economical before final designs are released. When necessary, purchasing arranges for engineering to meet with the suppliers to discuss problems. In many firms, engineers are assigned to the purchasing staffs to assist in getting the lowest costs without sacrificing performance of the products.

Purchasing supplies the production department with the required materials of specified quality and quantity; therefore, close coordination is necessary between the two departments. The purchasing department will, at times, recommend cheaper materials that will do the job equally well because of purchasing relations with suppliers, testing companies and trade associations. If purchasing is subsidiary to any other function, economy suffers, and if specifications are received in the purchasing department after having previously been established, the benefit of purchasing knowledge is lost.

In regard to receiving, purchasing must set up procedures for the receiving department for the purpose of verifying the goods received to the purchase-order specifications. The purchasing department may control the working instructions for checking documentation which accompanies the goods received. Also, decisions or special considerations may be made by purchasing which offset the receiving operation. Purchasing often aids receiving by combining small-lot orders. This cuts down on the number of cartons to handle and purchase order costs. Receiving

must respond quickly with important receiving information to purchasing so that invoices can be forwarded to accounting for payment. In order to maintain a close check on orders and shipments received, purchasing and receiving must work well together.

Property is stored after being received until such time as it is used. The purchasing department frequently has the responsibility for the stores function because inventory is diminished by requisitions filled by stores and inventory is replenished by this department. Purchasing must take steps to protect property in storage from the dangers of obsolescence, deterioration, and depreciation. Another duty of this department is to inform receiving and stores of purchases in order that they might plan ahead for proper handling and storage.

Purchasing works closely with the traffic department to achieve maximum efficiency, and sometimes the traffic function is organized under the purchasing department to facilitate coordination. Some of the benefits derived from such coordination are: consolidation of shipments, rescheduling to save costs by using car load rates, transportation innovations, forecasts of changes in transportation costs, and traffic services to purchasing such as expedited deliveries.

Other functions such as marketing, legal, and research have close associations with purchasing which are mutually beneficial and important to the efficiency of the overall operation. Interdepartmental relationships and dependencies are factors which unite company operations toward a common purpose.

CHAPTER III

INVESTIGATION OF THE PURCHASING IMAGE

Location in the Organizational Structure

In order to conduct an investigation of the purchasing image, several determinants or specific factors were selected for research and discussion. The results of the study of each determinant have a definite bearing on the rejection or non-rejection of the hypotheses stated in chapter one of this project. The order in which these factors are presented has no special significance within itself as all the factors were studied simultaneously.

The position of purchasing in the organizational structure is an important indication and determinate of its image in the firm. This determinant is the first of several to be discussed in this chapter.

Is the head of purchasing considered an executive, reporting to the president or plant manager, or is he considered a clerk with mere routine duties? The image of the function can be affected depending on this organizational structure. If the head of purchasing reports to the president or plant manager, his department will enjoy higher status and recognition than if he reports to a lower echelon such as production manager. Being on the same hierarchial level in the organization as sales and production indicates the importance of the function and, thereby, indicates a more favorable image of that function. It seems reasonable to assume that the greater the importance attributed to the function, the higher in the

organizational structure it will be located. Raymond Colton provides support for this assumption in his book, Industrial Purchasing Principles and Practices.

He makes the following statement.

In manufacturing firms where a high percentage of total expenditures is allocated to purchases, the purchasing department is assigned a status relatively equal in authority and responsibility to other major departments such as production, sales, accounting and personnel.¹⁵

The technique used in this study to determine the location of purchasing in the organizational structure of the respondent's firm was to determine the immediate superior of the head of the purchasing department. Of the large Virginia companies responding, the data in Table 3-1 indicate the immediate superiors of the purchasing personnel: directors of purchasing, managers of purchasing, and purchasing agents.

As this list indicates, the majority of purchasing departments report to the president, vice-president or plant manager. By reporting to these top level positions, status would seem to be on a high level. Of particular interest, however, is the fact that of the department heads responding, only one of the large companies had elevated the purchasing executive to the level of a vice-presidency. Some of the responding companies are multi-plant which might account to some extent for these results. However, from the data supplied there is no way of identifying such companies.

TABLE 3-1

Officials to Whom the Heads of Purchasing Departments
Report in Large Virginia Manufacturing Firms
(1967 Survey)

Immediate Superior	Number Reporting	Percent of Total
Vice-President*	13	32.5
Plant Manager	7	17.5
President	4	10.0
Manager of Materials	4	10.0
Director of Purchasing, Distribution and Traffic	2	5.0
Superintendent	2	5.0
Manufacturing Manager	2	5.0
Chairman of the Board	1	2.5
Treasurer	1	2.5
Director of Operations	1	2.5
Administrative Manager	1	2.5
General Services Manager	1	2.5
Director of Production	1	2.5
Total	40	100.0

*Includes Vice-President of Manufacturing, Vice-President of Production, Vice-President of R&D, and Vice-President and General Manager.

Source: Purchasing Personnel Questionnaire results.

The small companies (less than 500 employees) that responded to the survey reported similar titles for their immediate superiors; however, a larger percentage reported to the president than to the vice-president as in the case of the larger companies. Table 3-2 gives the position titles of immediate superiors as reported by the sixty-two small companies responding to the questionnaire. Using titles as an indication, it might be concluded that the small companies have also recognized the importance of the purchasing function. If this is sound reasoning, then the status of purchasing in the small manufacturing companies in Virginia would be rated high on this factor. Again, it is noted that only four companies have vice-presidents of purchasing.

From the findings presented in the previous paragraphs, it appears that both large and small manufacturing companies in Virginia have recognized purchasing to be important to a degree by the locations of the department in the organizational structure. As related to the image of purchasing, this factor would appear to portray a favorable image in the minds of observers. This observation does not support the hypothesis stated in Chapter I that large companies have recognized the purchasing function to a greater degree than small companies. However, as there are other factors to consider, final conclusions must be reserved until the remaining factors are analyzed.

Responsibilities

The smooth operation of the many departments within a company depends significantly on the proper performance of the purchasing function. It is a basic

responsibility of the purchasing department to provide the right material at the right time and at the right price so that the flow of production is not interrupted. The head of the purchasing department must always exercise integrity in spending company funds. The largest element of cost in the manufacturing process is the material used to produce the final product, and as management's representative, prudence in obtaining the most value for the money expended is perhaps the heaviest burden of responsibility that the purchasing man must bear.¹⁶

TABLE 3-2

Officials to Whom the Heads of Purchasing Departments Report
in Small Virginia Manufacturing Firms
(1967 Survey)

Immediate Superior	Number Reporting	Percent of Total
President/Division President	18	29.0
Plant Manager ^a	17	27.5
Vice-President ^b	11	17.7
Production Manager	3	4.9
Manager of Materials	3	4.9
Director of Purchasing	2	3.2
Manager of Manufacturing	2	3.2
Vice-President and Treasurer	1	1.6
Secretary and Treasurer	1	1.6
Manager of Production and Inventory Control	1	1.6
Manager of Accounting Department	1	1.6
Chairmen of the Board	1	1.6
Production Control Supervisor	1	1.6
Total	62	100.0

^a Includes Division Manager, General Manager, Works Manager

^b Includes Vice-President of Manufacturing and Production

Source: Purchasing Personnel Questionnaire results.

The responsibilities of purchasing have expanded in the past few years and trends indicate there is more expansion in the making. Many companies have already adopted the expanded concept of materials management which is discussed in Chapter IV of this study. In adopting this concept or leaning toward it, the responsibilities of the head of purchasing have greatly increased. "Whether he's called purchasing agent, director of procurement, or materials manager, the purchasing executive of the next decade will have more responsibility, will commit larger funds, and will supervise more people than he does today."¹⁷ Discussing the responsibility of the purchasing executive, John Von de Water, technical editor of Purchasing, has this to say.

As advancing technologies make profound changes in company organization and in the very form of purchasing itself, there will be new emphasis on the purchasing agent as manager. Instead of dealing only with day to day operations of his department and occasional important orders, he will be involved in long range planning and long term commitments.¹⁸

The greater the responsibility of the purchasing department the more status it will command. As management expands this responsibility and more managers look to purchasing for advice and assistance in policy and financial decisions, there will be changes in the image of the function and the results will be favorable.

In seeking additional information about the responsibilities of purchasing personnel, several related questions were included in the Questionnaire sent to Virginia manufacturing firms. The heads of the purchasing departments were first asked if they thought their companies were utilizing their personal capabilities

to the fullest extent. Of the large company respondents, 57.5 percent indicated that their capabilities were not being fully utilized. Of the small company executives, 53.2 percent made negative replies. The responses indicate that there is almost an equal amount of concern over the utilization of personal capabilities in small and large manufacturing firms in Virginia. With these results, there is insufficient evidence on this point to support the hypothesis concerning recognition.

Information collected regarding the extent of authority exercised by purchasing reveals that purchasing usually selects the source of supply (Table 3-3). In this matter, therefore, purchasing appears to have authority commensurate with responsibility in the area of source selection, or plays an important part, even though another department may carry weight in the final decision. It is evident that other departments play a role in small companies more so than in the large companies; however, in this survey it does not appear to be very significant.

TABLE 3-3

Source of Supply Selection by Virginia Manufacturing Companies
(1967 Survey)

Designator of Source	Percentage of Cases	
	Large Companies	Small Companies
Purchasing usually selects source	80.0	77.4
Source specified by using department	2.5	3.2
Both purchasing and using department	12.5	11.3
Other	5.0	8.1
Total	100.0	100.0

Source: Purchasing Personnel Questionnaire results.

By having authority commensurate with responsibility it appears that the importance of this function has proven itself and would have a favorable influence on the purchasing image.

Purchasing Salaries

Salaries too, are an important factor in the image of purchasing. The caliber of personnel attracted to the purchasing organization will depend in part upon the salary scales. All people have basic biological needs which are supplied through the use of money; however, people have other needs which must be satisfied. In Maslow's hierarchy of needs, a portion of the esteem needs of an individual may be provided by earning a higher salary, being able to afford certain luxuries because of this income, and being recognized as having status in the community, business world, and social circles. Everyone is interested in the income he will earn. If there is a particular bracket of income a person feels he is capable of earning, then those fields that offer the desired income are going to be attractive to him. This does not mean that one chooses a field of work based on income alone.

In 1958 Purchasing was able to determine five broad ranges of going rates for purchasing personnel in general. These are presented below.

Assistant Buyer	\$5500-\$7000
Buyer	\$7000-\$8500
Ass't Purchasing Agent	\$8500-\$12,000
Purchasing Agent	\$12,000-\$20,000
Director of Purchasing or Vice-President of Purchasing	\$20,000-\$50,000

As additional information on these categories, here are some facts on purchasing salaries from the Executive Compensation Service of the American Management Association published with the preceding salary ranges.

1. The average top purchasing salary in companies with a sales volume of \$1 billion or more is about \$50,000. With bonuses, total yearly income for these jobs averages around \$153,000.
2. The typical top purchasing executive who earns \$25,000 would most probably be in a company with a sales volume of \$100 million and a labor force of 8000. For a top purchasing job paying \$10,000, company sales volume would be around \$7.5 million and there would be 500-600 employees.
3. For a purchasing agent who is second in command, reporting to either a director of purchases or a vice-president of purchases, the salary scale breaks down this way: If the purchasing agent is responsible for annual purchases of around \$30 million, supervises 15-20 people including five or six buyers, he would earn between \$12,000 and \$18,000.
A purchasing agent who supervises three buyers and is responsible for a purchasing volume of \$3 million would earn between \$6,500 and \$10,000.
4. Salaries for top buyers who report directly to the purchasing agent and who buy \$800,000 worth of goods a year would be paid between \$5,000 and \$8,000. Salary for a top buyer with a purchase volume of \$7 million would range between \$8,000 and \$12,000.
5. A company interested in hiring someone just out of college as a purchasing trainee can figure on having to pay around \$4,800 to get the man they want.¹⁹

In 1966, Purchasing again conducted a survey of purchasing salaries which indicated that they were still on the way up. The purpose of the survey was to find out how much purchasing people were making, how frequently salary increases were received, and how they felt about their compensation in relation to responsibilities.

The survey staff concluded that compensation at the top level was in line with job responsibilities but there was room for improvement at the junior buyer and buyer levels. This survey showed that:

Most buyers have not hit the five figure bracket; salaries for senior buyers and assistant purchasing agents generally ranged from \$10,000 to \$12,000; purchasing agents make an average of between \$12,000 and \$15,000; and at the top (vice-presidents and purchasing directors) salaries run from \$15,000 to \$20,000 and up.²⁰

Over-all, the survey by Purchasing showed that:

___ Type of industry, company policies, and the individual's personal qualifications are the most important factors in how much a purchasing man is paid.

___ Top purchasing executives are aware of the big gap between their salaries and what their subordinates are paid; most want to boost the general purchasing salary level.

___ Purchasing compensation is not necessarily related to dollar volume of sales or purchases, or to company size.

___ In trying to fill high-level purchasing positions, top management is becoming less rigid in demanding that job applicants have experience in the same industry.²¹

As Table 3-4 shows, there is a wide range of salaries for various positions. Purchasing agents are represented in every classification with \$12,000 to \$15,000 showing the largest percentages. Vice-presidents/directors of purchases are represented in all categories with the exception of \$10,000 or less. The majority fall into categories from \$15,000 up.

According to the responses of the purchasing personnel included in the above survey, Table 3-5 shows the average time between raises in the last five years and the most important criterion by which management measures personnel for salary purposes. This table also indicates the responses from Purchasing's survey concerning the degree to which salary reflects position responsibilities.

TABLE 3-4

Purchasing Personnel Responses to A Salary Survey
1966

Compensation Range	Percentage Response by Purchasing Positions			
	Buyer	Senior Buyer/ Asst. P. A.	Purchasing Agent	V. P. /Director of Purchases
\$10,000 or less	68	19	3	0
\$10,000 to \$12,000	28	53	22	4
\$12,000 to \$15,000	4	20	46	23
\$15,000 to \$20,000	0	8	24	33
\$20,000 to \$25,000	0	0	3	19
over \$25,000	0	0	2	21

Source: Purchasing, LXI, No. 8 (October 20, 1966), P. 57.

TABLE 3-5

Important Elements of Purchasing Salaries

Item	Percentage of Each Personnel Category			
	Buyer	Senior Buyer/ Asst. P. A.	Purchasing Agent	V. P./Director of Purchases
Average Time Period Between Raises for Purchasing Personnel				
Less than 6 months	4	6	2	0
Six months to one year	44	32	27	30
One year to two years	44	40	57	58
Over two years	8	22	14	12
Most Important Criterion by Which Management Measures Purchasing Personnel for Salary Review Purposes				
Supervisory ability	16	24	33	58
Volume of purchases	0	2	3	4
Cost reduction on purchased goods	12	4	17	12
Honesty, stability, adherence to policy	72	70	47	26
Do Purchasing Personnel Feel That Their Salary Level Accurately Reflects the Responsibilities of their Position?				
Yes	28	28	43	56
No	72	72	57	44

Source: Purchasing, LXI, No. 8 (October 20, 1966), P. 57.

In the study of Virginia manufacturing firms, opinions from both large and small manufacturers in the state concerning the adequacy of salaries to draw the caliber of personnel needed to perform the purchasing function are tabulated and presented in the following table.

TABLE 3-6

The Need for Purchasing Salary Increases to Attract Qualified Personnel as Indicated by Heads of Purchasing Departments in Virginia Manufacturing Firms (1967 Survey)

Response by Head of Purchasing Department	Number of Responses		
	Large Companies	Small Companies	Total
Positive	18	41	59
Negative	22	21	43
Total	40	62	102

Source: Purchasing Personnel Questionnaire results.

The response from large companies reveals that 22 of the 40 companies do not need to pay higher salaries, indicating that the salaries are adequate to attract qualified personnel. In small companies only 21 of the 62 respondents stated that higher salaries need not be paid. This indicates that the majority of small Virginia manufacturing firms need to increase salaries in order to attract qualified personnel. From this, it appears that the larger companies are recognizing the need for well qualified personnel more so than the smaller ones, and that they are generally willing to pay the higher salaries necessary to attract these personnel. This point tends to support the hypothesis that larger companies recognize the importance of purchasing more so than small ones as stated in Chapter I.

Table 3-7 shows the rising trend in salaries in various parts of the country, in government procurement, and purchasing agent salaries by company sales and size. No specific question was asked in the survey of Virginia manufacturing firms concerning actual compensation, as it was felt that salaries would fall within the ranges presented in the previous tables. However, this study included a survey of 221 students at Virginia Polytechnic Institute, most of whom were majoring in business or engineering, to get their estimates of purchasing salaries. It was believed that their knowledge of purchasing salaries was lacking and that this had an affect on their image of the profession.

From Table 3-8, it can be seen that for the assistant buyer 39.4 percent estimated a salary of \$6000-\$7000 and that 26.3 percent estimated from \$7000-\$8000. Compared to figures presented in previous tables, an assistant buyer in New York City ranges in salary from \$6400-\$8200. This range is probably a little higher than most typical assistant buyer positions throughout the country; however, the comparison shows the accuracy of the students estimates.

In response to salaries for purchasing agents, 31.2 percent of the students estimated from \$9,000-\$11,000 and 23.1 percent estimated from \$11,000-\$13,000. Compared to the average purchasing agent salary of \$12,000-\$15,000 in the survey by Purchasing and the salaries presented in Tables 3-4 and 3-7, it seems that the estimates are pretty much in line with actual salaries.

Based on this information, it appears that students at Virginia Polytechnic Institute, in the surveyed curriculums, do have a working knowledge of purchasing

salaries paid in industry, and would have an idea of what salary to expect should they decide to go into a purchasing position in a Virginia manufacturing concern. This finding seems to support the hypothesis concerning student knowledge of purchasing.

TABLE 3-7

A Comparison of Purchasing Personnel Salaries for 1958, 1962 and 1966

Position or Company Classification	Salaries		
	1958	1962	1966
Buyer	\$ 6,144	\$ 6,984	\$ 7,992
Senior Buyer	7,500	8,664	9,552
Purchasing Supervisor	7,248	9,108	11,220
Purchasing Agent	9,468	12,475	13,319 ^a
Assistant Buyer	\$ 4,000/ 5,080	\$ 5,150/ 6,590	\$ 6,400/ 8,200
Buyer	5,450/ 6,890	6,400/ 8,200	7,800/ 9,600
Senior Buyer	6,400/ 8,200	7,800/ 9,600	9,400/ 11,500
Supervising Buyer		9,000/ 11,100	11,200/ 13,600
Assistant Director of Purchases	7,100/ 8,900	9,850/ 12,250	11,650/ 14,050
Director of Purchases	8,600/ 10,700	10,300/ 12,700	12,600/ 15,300 ^b
GS-5	\$ 3,670	\$ 4,345	\$ 5,331
GS-7	4,525	5,355	6,451
GS-13	8,990	10,635	12,873
GS-14	10,320	12,210	15,106
GS-15	11,610	13,730	17,550 ^c
Under \$5,000,000 in sales Under 1,000 employees	--	\$ 7,100/ 10,000	\$ 7,300/ 9,900
\$5-\$25,000,000 in sales Under 1,000 employees	--	8,400/ 12,300	8,600/ 13,400
\$5-\$25,000,000 in sales Over 1,000 employees	--	8,500/ 12,500	9,400/ 12,500
Over \$25,000,000 in sales Under 1,000 employees	--	8,900/ 14,700	9,600/ 17,100
Over \$25,000,000 in sales Over 1,000 employees	--	10,900/ 19,600	13,700/ 20,000 ^d

^aMerchants and Manufacturers Assn. of Los Angeles (averages)

^bCity of New York (ranges)

^cUnited States Civil Service (starting levels)

^dDartnell Corp., purchasing agent salaries categorized by company size.

Source: Purchasing, LXI, No. 8 (October 20, 1966), P. 58

TABLE 3-8

Estimates of Purchasing Salaries by Students at the Virginia Polytechnic Institute
(1967 Survey)

Salary Range	Number of Students Reporting				Percent of
	Business Administration	Engineers	Other	Total	
Assistant Buyer					
\$4,000/\$5,000	4	1	1	6	2.7
\$5,000/\$6,000	26	19	5	50	22.6
\$6,000/\$7,000	45	33	9	87	39.4
\$7,000/\$8,000	35	20	3	58	26.3
\$8,000/\$10,000	10	6	0	16	7.2
Over \$10,000	3	1	0	4	1.8
Total	123	80	18	221	100.0
Purchasing Agent					
\$ 7,000/\$ 9,000	24	22	8	54	24.4
\$ 9,000/\$11,000	40	24	5	69	31.2
\$11,000/\$13,000	26	22	3	51	23.1
\$13,000/\$15,000	23	6	2	31	14.0
\$15,000/\$17,000	2	1	0	3	1.4
\$17,000/\$20,000	6	5	0	11	5.0
Over \$20,000	2	0	0	2	.9
Total	123	80	18	221	100.0

Source: Student questionnaire results.

Recognition

Recognition is important in discussing career fields and the field of purchasing is no exception. The degree or extent of recognition and the techniques used to convey it are of concern to most people in any company because of the effect on the image of that department and its function.

Some companies would probably disagree with the interpretation of the procurement officer's responsibilities presented earlier in this chapter, in as much as they have not recognized the importance of the purchasing function. Nevertheless, the fact remains that purchasing is of great importance and both management and the person immediately concerned with purchasing problems will be compelled to recognize the true significance. Howard T. Lewis, author of Industrial Purchasing Principles and Practice sums it up this way.

In the last analysis, what is required is a proper recognition, on the part of everybody involved, of the significance of procurement, and the responsibility for this recognition rests with management itself. Those who realize and accept it will move forward; those who do not will, as always, be left far behind. It is not a question of whether or not the function of procurement will be performed; it always has been attended to by somebody. The issue is whether or not its true significance has been appreciated; whether or not its real possibilities for stabilization have been explored.²²

Table 3-9 emphasizes the reason why purchasing must be given proper recognition. From this table, it is easy to see why purchasing can significantly affect company profits. In this example, profit can be increased 45 percent by reducing material costs 10 percent and holding other costs constant. Purchasing departments can and should show top management how they affect profits and

TABLE 3-9

Lower Purchasing Costs Indicate Profit Increase

Item	Last Year's Profit	Increased Sales 10%	Reduced Materials Cost 10%
Sales	\$1,000,000	\$1,100,000	\$1,000,000
Materials	450,000	495,000	405,000
Labor	200,000	220,000	200,000
Overhead	250,000	275,000	250,000
Costs	900,000	990,000	855,000
Profit	\$ 100,000	\$ 110,000	\$ 145,000
Increased Profit	--	+10%	+45%

Source: American Management Association Bulletin number 33, 1963.

why cutting cost in the materials area gives support for budgeted cost with which to operate the purchasing department. Reporting significant savings to top management is a good technique to improve the image of the function. One good example of this is the comment made by the president of Northwestern Glass Company as a result of the report devised by the purchasing agent. He said, "We used to take purchasing for granted, but now we know how vital purchasing is as a profit-maker."²³

Asked whether purchasing should be considered a service function or a profit-making function, the 221 student respondents included in this study replied according to the following table.

TABLE 3-10

Student Classification of Purchasing by Type of Function
(1967 Survey)

Type of Function Indicated by Students	Number of Respondents				Percent of Total
	Business Admin.	Engineers	Others	Total	
Profit-Making	82	38	13	133	60.2
Service	41	42	5	88	39.8
Total	123	80	18	221	100.0

Source: Student Questionnaire results.

As shown by the responses, over 60% of the students recognize purchasing as an important part of company operations which contributes to company profits. This indicates that the students participating in the questionnaire are generally very knowledgeable of the purchasing function as was hypothesized by the author.

The question of greater recognition for purchasing departments was further enlightened by some earlier surveys. A 1958 survey of small company purchasing agents revealed that they generally felt the large company purchasing agent received more recognition and attention than they. A total of 96 percent indicated that purchasing departments in the small companies could contribute, relatively, as much to profit as purchasing departments in the large companies. More than 50 percent of the agents agreed that the smaller company is somewhat handicapped by having less than bargaining power with suppliers than the larger company.²⁴

Less than a year later, another survey of purchasing agents was conducted at the 1959 National Association of Purchasing Agents convention. Of those responding to the survey, 61 percent felt that most company managements do not give purchasing the recognition it deserves. A percentage differential of only 1 percent was noted when applying the question to the respondents' companies.²⁵

As revealed in the table below, an overwhelming majority of the respondents in this survey indicated that purchasing deserves greater recognition from management.

TABLE 3-11

Responses of Heads of Purchasing Departments in Virginia Manufacturing Firms Concerning the Question of Purchasing Desiring Greater Recognition (1967 Survey)

Response	Number of Responses			Percent of Total
	Small Companies	Large Companies	Total	
Yes	54	33	87	85.3
No	8	7	15	14.7
Total	62	40	102	100.0

Source: Purchasing Personnel Questionnaire results.

It would appear that the manufacturing firms in Virginia, both the large and small, still have a long way to go to elevate the purchasing function in their firms to the level with other functions. If it is assumed, and it seems logical to do so, that the results of Purchasing's survey is applicable to the manufacturing industry, then the manufacturing industry in Virginia still has room for a great deal of improvement even though progress has been made in the last few years.

In the survey conducted by Purchasing, the respondents were asked to identify top management committees on which purchasing was represented. The respondents were asked to check a predetermined list; therefore, there could have been other committees which were not listed. The following is a summary of the results. From the information given, the number of companies that had these committees on which the purchasing agent did not serve was undeterminable. The total is more than 100% because some respondents checked more than one response.

Cost Reduction	64%
Standardization	51%
Make-or-buy	51%
Executive	54%
Product Development	41%
Scheduling	46%
Sales Forecasting	14% 26

In this survey of Virginia manufacturing firms, questions concerning management committees were included in the questionnaire. It was found that of the small companies included, only 18 of the 62 companies had established management committees. Purchasing was represented on these committees in

only 13 of the companies. The committees listed by small purchasing departments were: staff, production, general, procurement, project, safety, and supervisors. The 40 large companies included in the survey reported 26 had established management committees with purchasing represented in 19 of the cases. The committees reported by the larger companies were make-or-buy; cost reduction; salary, pension, and budget; product planning; advisory board; executive and profit improvement; inventory control; machine clothing; operations staff; general staff; safety; and quality.

After reviewing the above findings, it is apparent that the manufacturing firms in the state of Virginia need to give greater recognition to purchasing departments in the form of committee representation. The larger companies in the state appear to be leading the small companies in the type of established committees and purchasing representation. A comparison of the listings reveals the nature of the committees and the extent of participation. These findings support the hypothesis that large manufacturing firms in Virginia have done more to recognize purchasing than small firms.

Going further, the questionnaire inquired about buyer awards as a form of management recognition of purchasing. Some companies used various awards to recognize an outstanding purchasing job. Others used some form of merit increases in pay or other variations. Of the 102 companies responding, only five had an established buyer award program. All of the companies which indicated that they had such a program were in the large-company classification. It is evident that

the buyer-award program has not been instituted by very many Virginia manufacturing companies; although, it would appear that a program of this nature would help provide the recognition most purchasing departments deserve and desire. The larger companies appear to be "breaking the ice" and probably more companies will follow the example. It is possible that industries other than manufacturing would report a greater degree of participation in such a program; however, in Virginia manufacturing firms, it appears that buyer award programs are just beginning to be used.

Position Status

The dream of every executive is to operate a department that is autonomous, equal in status with all other departments, and report directly to the president. The status of these executive positions depends on various factors, several of which will be reviewed and discussed in this section.

James H. Bearden in his study of the "Occupational Status of Purchasing Agents," investigated the validity of the expressions of lack of job status for purchasing personnel. In his investigation, Mr. Bearden surveyed twenty manufacturing firms in Birmingham, Alabama. The population was composed of the purchasing agents, sales managers, and top management executives of the twenty firms. The object of this research was to investigate the status perceptions of a selected group of purchasing agents in order to determine the validity of various associational claims regarding their status.²⁷

One of Bearden's conclusions was of particular significance to this study:

"The application and analysis of data in the constructed framework reveal that the

claim that purchasing agents have a status problem is not true."²⁸ The fact still remains that many purchasing executives feel purchasing deserves more recognition than it is presently receiving, which indicates that there is a lack of status in many companies.

The purchasing executive's title bears significantly on the image and status of the purchasing department. Titles of the executive in charge of small and large company purchasing departments included in this survey are given in Tables 3-12 and 3-13. From these tables, the degree to which the title "Purchasing Agent" is used can be seen. It appears that the larger companies are beginning to get away from that title and introduce titles such as Director of Purchasing and Traffic, Purchasing Manager, and others identified in this table. Small companies appear to be retaining the title of purchasing agent in the majority of cases.

The 221 Virginia Polytechnic Institute students included in this study were asked to rank three purchasing titles from the standpoint of status connoted by the title. Their responses are tabulated in Table 3-14. It is interesting to note that the title most often used by both large and small companies was ranked last by the college students. From the standpoint of Virginia Polytechnic Institute college students, at least, purchasing executives with the titles of Director of Purchases or Manager of Purchases are considered on a higher status level. This type of information would be useful to industry for improving the status and image of purchasing agents in their companies. In addition, companies who do college recruiting for purchasing positions could use this information to their advantage.

TABLE 3-12

Executive in Charge of the Purchasing Department
in Small Virginia Manufacturing Companies
(1967 Survey)

Title	No. of Companies	Percent of Total
Purchasing Agent	46	74.2
Director of Purchases	5	8.1
Materials Manager	4	6.5
Vice-President Purchasing	4	6.5
Manager of Materials	2	3.2
Manager of Procurement	1	1.5
Total	62	100.0

Source: Purchasing Personnel Questionnaire results.

TABLE 3-13

Executive in Charge of the Purchasing Department
in Large Virginia Manufacturing Companies
(1967 Survey)

Title	No. of Companies	Percent of Total
Purchasing Agent	17	42.5
Purchasing Manager/Supt.	9	22.5
Director of Purchases	7	17.5
Director of Purchases/ Traffic	3	7.5
Vice-President Purchasing	2	5.0
Procurement Manager	1	2.5
Plant Materials Manager	1	2.5
Total	40	100.0

Source: Purchasing Personnel Questionnaire results.

TABLE 3-14

Perception of Purchasing - Position Titles by Students
at the Virginia Polytechnic Institute
(1967 Survey)

Student Classification	Number of Responses to Purchasing Positions		
	Director of Purchases	Manager of Purchases	Purchasing Agent
Ranked Number I			
Business Administration	96	16	12
Engineering	63	11	6
Other	17	1	0
Total	176*	28	18
Ranked Number II			
Business Administration	14	94	14
Engineering	13	63	4
Other	1	14	3
Total	28	171*	21
Ranked Number III			
Business Administration	13	13	97
Engineering	4	6	70
Other	0	3	15
Total	17	22	182*

*Indicates majority.

Source: Student Questionnaire results.

In as much as larger manufacturing firms in Virginia employ various titles denoting management, it is the author's belief that these companies lead the smaller ones in recognizing the importance of keeping the purchasing function on the same status plane as other functions.

The same students were asked to rank titles of purchasing, production, and sales from the standpoint of status connoted by title. In Table 3-15 it is again apparent that the purchasing agent is ranked last in the majority of cases. The production manager was ranked number one by a large majority and the sales manager number two. From this information, it appears that the majority of the students in this survey do not rank purchasing on a status level equal with production and sales. In effect, the image of purchasing still needs improvement in the eyes of these students.

Probing the image of purchasing still further, the college students in this survey were requested to rank purchasing duties on a scale with Imaginative and Creative on one end and Routine and Dull on the other (Table 3-16). The largest number of responses was not on the routine and dull end of the scale, but rather from the middle of the scale to the imaginative and creative end. Business students had the largest number of responses in the "Somewhat Imaginative and Creative" category, while the engineering students responded almost equally to the "middle" and "Somewhat Routine and Dull" classifications. It was hypothesized earlier that the students would respond in the way that they did, because of their knowledge of the purchasing field. These results, therefore, support the previously stated hypothesis concerning students knowledge of the purchasing field.

TABLE 3-15

Perception of Organization - Position Titles by Students
At the Virginia Polytechnic Institute
(1967 Survey)

Student Classification	Number of Responses to Positions Titles		
	Production Manager	Sales Manager	Purchasing Agent
Ranked Number I			
Business Administration	70	50	10
Engineering	62	18	4
Other	13	3	3
Total	145*	71	17
Ranked Number II			
Business Administration	39	50	30
Engineering	16	49	16
Other	4	6	8
Total	59	105*	54
Ranked Number III			
Business Administration	14	23	83
Engineering	2	13	60
Other	1	9	7
Total	17	45	150*

*Indicates majority.

Source: Student Questionnaire results.

TABLE 3-16

Purchasing Duties as Perceived by Virginia Polytechnic Institute Students
(1967 Survey)

Scale Classification	Number of Student Responses				Percentage of Total
	Business Administration	Engineering	Other	Total	
Very Imaginative and Creative	17	4	4	25	11.3
Somewhat Imaginative and Creative	58	19	4	81	36.7
Both Imaginative/Creative and routine/dull	32	26	5	63	28.5
Somewhat Routine and Dull	11	25	2	38	17.2
Very Routine and Dull	5	6	3	14	6.3
Total	123	80	18	221	100.0

Source: Student Questionnaire results.

Career Advancement

Undoubtedly, anyone concerned with his future well-being is concerned about the prospects of advancement in his field and also in the company for which he works. Probably everyone entering the world of complex business organizations anticipates the day he will become an important executive. It is obvious that many people reach the level of executive service; however, many questions have been raised about the purchasing field and whether people with purchasing backgrounds ever get elevated to top management positions. Advancement anticipated in a career field has a definite influence on the resulting image of that field.

There are those who believe that the purchasing department is the ideal environment for developing managerial talent. Training in human relations, leadership, finance, and decision making can be acquired in this department. When the vice-president of Clark Equipment's Automobile Division, Claud Finn, had to fill the plant manager position, the purchasing agent was one of the top contenders and was eventually selected for the job. According to Finn:

A good purchasing department is one of the best environments in which a man can mature as a manager. Ours is a strong department that insists on working closely with other groups, and believes in giving buyers more responsibility. It works hard at building skill in cost analysis, inventory control, make-or-buy evaluations, and similar techniques. A department that accepts so much responsibility cannot help but be a platform for advancement.²⁹

John Van de Water, technical editor of Purchasing, indicates that management will call upon purchasing for more advice and assistance than ever before. More emphasis will be placed on the purchasing agent as a manager and more

opportunities will avail themselves to purchasing men who have the ambition and desire to further their careers by meeting this challenge. The purchasing agent will be placed in charge of more highly trained specialists to cope with the growing complexity of purchasing operations. The future is bright for those who will meet the demands placed on them.³⁰

Today's top executive must be a generalist rather than a specialist according to Irwin Dedow, general manager of Motor Wheel Corporation's Passenger Hub and Drum Division. The purchasing agent scores high on this point because he gets more diversified training than other department managers. His work not only impinges on all other company operations, but even extends to suppliers' plants. Purchasing experience also gives the purchasing agent specific skills that are a must for the modern executive. As Dedow puts it, "Management will listen and it will observe. If a purchasing agent has ability, he will be promoted. There is always room for a good man upstairs."³¹ As proof of his theory, Dedow was in the company purchasing department only five years when he was promoted to general manager.

W. G. Blessing, vice-president at Blaw-Knox Company, also supports these views. He says that a good purchasing man is exposed to more company operations than any other manager, which is ideal training for posts in top management. He was director of purchases before being promoted to vice-president and is but one of a growing number of purchasing men who have moved up to executive posts. The head of purchasing at United States Steel Corporation

became president of United States Steel's Mineral Atlas Cement Division. The top purchasing man for Westinghouse Electric Corporation was appointed vice-president in charge of the Westinghouse Materials Division. Drano Corporation and Harbison-Walker Refractories company are other examples that have drawn executives from purchasing.³²

Considering the fact that college students have the choice of choosing purchasing as a career or at least as a starting point in their careers, it seemed logical to find out what perceptions they held concerning purchasing as a career field. It was believed that Virginia Polytechnic Institute students considered purchasing a dead-end field and that this among other reasons influenced them not to choose purchasing as a career. As the results indicate, Table 3-17, 80.5 percent of the students did not consider the purchasing field dead-end. Apparently they are aware of the type of information presented in the first part of this section: however, only 14 percent of these students had considered purchasing as a career. Table 3-18 shows the tabulation of responses to this question. The information presented in these two tables invalidates the contention stated previously, but one question still remains unanswered. If these students do not consider purchasing a dead-end field, then why do not more of them consider purchasing as a career. The answer to this question is not evident; however, it is believed that because industrial representatives do not come to Virginia Polytechnic Institute to recruit for purchasing positions, there is no reason for the students to generate interest in this field. This belief appears to be upheld by the fact that such a large percentage (48.4 percent) indicated that they would be interested in interviewing for a purchasing position.

TABLE 3-17

Perception of the Purchasing Field by Students
at the Virginia Polytechnic Institute
(1967 Survey)

Perception	Number of Student Responses				Percentage of Total
	Business Majors	Engineers	Other	Total	
Dead-End	22	19	2	43	19.5
Not Dead-End	101	61	16	178	80.5
Total	123	80	18	221	100.0

Source: Student Questionnaire results.

TABLE 3-18

Consideration Given to Purchasing as a Career
by Students at the Virginia Polytechnic Institute
(1967 Survey)

Student Classification	Number of Student Responses		
	Consideration Given	No Consideration Given	Total
Business Administration	27	96	123
Engineering	4	76	80
Other	0	18	18
Total	31	190	221
Percentage of Total	14	86	

Source: Student Questionnaire results.

Moving the discussion to the Virginia manufacturing firms, the executives in charge of the purchasing departments were asked if their companies had a promotion-from-within policy. With a policy of this nature, there is a greater

chance of promotion to fill position vacancies when they occur. Of the 102 companies responding, 59.8 percent indicated that such a policy is in existence. A greater number of large companies have this policy than do the small companies.

To determine if the respondents were at the pinnacle of their careers, they were asked how they thought their future efforts would be rewarded. Increases in salary and fringe benefits only, would indicate that they had gone as far up in the organizational structure as they thought they could. A promotion along with salary increases would indicate that they still had visions of reaching top management. In Table 3-19, the responses to this question can be seen. This is broken down by large and small companies in order to be consistent with the hypothesis. From the information presented in this table, it appears that many of the respondents are looking forward to only increases in salary and fringe benefits rather than promotion. The percentage of personnel who see themselves at the pinnacle of their careers are about equal in large and small companies. This evidence does not support the hypothesis that more purchasing executives see themselves at the pinnacle of their careers in small companies than in large ones.

Those who indicated a promotion as part of future rewards listed several positions as the most likely ones to which they would be promoted (Table 3-20). From the positions indicated, it appears that the majority would achieve top-management status.

The respondents were asked how long they had been in their present position. It was believed that the majority would indicate a large part of their careers,

TABLE 3-19

Rewards Anticipated by Heads of Purchasing Departments
in Virginia Manufacturing Firms for Future Purchasing Efforts
(1967 Survey)

Reward	Number of Responses			Percentage of Total
	Small Companies	Large Companies	Total	
Increase in salary and fringe benefits	52	35	87	85.3
Promotion	25	18	43	42.2
Additional responsibilities	0	4	4	3.9
No reward envisioned	3	1	4	3.9
Cash bonuses	1	0	1	1.0

Note: Percentages do not equal 100 because several respondents checked more than one answer; however, they are calculated on the basis of 102 and then rounded off to the nearest tenth.

Source: Purchasing Personnel Questionnaire results.

TABLE 3-20

Possible Promotions to Higher Management Positions

<u>Anticipated Position</u>	<u>Number of Responses</u>
(Small Companies)	
Plant Manager*	6
Executive Vice-President	3
Materials Manager	3
Vice-President	2
Production Control	2
Assistant Manager	2
President	1
Vice-President and General Manager	1
Vice-President of Purchasing	1
Vice-President of Manufacturing	1
Director of Procurement	1
Manager of Purchases	1
Operations Manager	1
Management of Production and Inventory Control	1
Assistant Treasurer	1
(Large Companies)	
Manager of Materials	5
Vice-President	2
Vice-President of Purchasing and Traffic	2
Corporate Purchasing Director	2
Manager/Director of Manufacturing	2
Vice-President of Purchases	1
Corporate Manager of Purchases	1
Production Manager	1
General Services Manager	1
General Purchasing Agent	1

*Includes General Manager, Division Manager, etc.

Source: Purchasing Personnel Questionnaire results.

especially in small companies. Surprisingly, the largest percentage of the respondents have been in their current positions less than five years. The percentages dwindle as the years increase (Table 3-21). This indicates that promotions are being received by purchasing executives and that there is a road to top management.

TABLE 3-21

Number of Years Purchasing Executives in
Virginia Manufacturing Firms Have
Been in Their Present Positions
(1967 Survey)

Ranges in Years	Percentage in Each Range	
	Small Companies	Large Companies
5 or less	59.7	57.5
6-10	19.4	20.0
11-15	11.4	10.0
16-20	4.8	7.5
21-25	3.2	5.0
26-30	1.5	0.0
Over 30	0.0	0.0
Total	100.0	100.0

Source: Purchasing Personnel Questionnaire results.

Sources of Purchasing Personnel

The sources from which purchasing personnel are selected have a bearing on the image of the purchasing field as it does in other fields. It seems reasonable

to assume that the more importance a company attaches to a function, the more effort it will expend to obtain top-notch personnel to carry out that function.

It was mentioned in chapter two that purchasing was the department that received those who did not or could not work out in other departments. It was a catch-all department because management considered the function so unimportant that anyone could handle it. This view has, of course, changed a great deal over the past few years; however, it was a matter of concern in this study in the investigation of the purchasing image in Virginia manufacturing firms.

Sources from which purchasing personnel are obtained are numerous. Several of these are: college recruitment, personnel departments, interdepartmental transfers, employment agencies, advertisements, and management training programs. Different companies use different methods depending on what will best suit their individual needs.

Many companies turn to executive recruiting firms when they need a man for a top-management purchasing position and there is no junior man holding the desired qualifications. The company gives the recruiting firm a position description and a list of qualifications which must be met. The recruiter then has the difficult task of evaluating the candidates and picking the man for the job. One recruiting firm with an established reputation for competence has on file the names and complete backgrounds of nearly 40,000 executives, catalogued by industry, company, position, education, and current salary. Many times, several thousand must be screened to come up with the right man using this method of selection.³³

In 1962 Purchasing surveyed 1,000 purchasing executives to find out how industry selects purchasing personnel such as purchasing agents and buyers. Internal transfers were high with 49 percent of the responses and college recruitment was low with only 4 percent. In between, advertising, private employment agencies, and personal contacts ranged from 15 - 17 percent. In making the actual selection of the one to fill the position, the purchasing agent or director made the decision 59 percent of the time and the chief executive officer 25 percent of the time.³⁴

In discussing sources of purchasing personnel, it should be noted that the participants of this survey came into their positions as department head from various fields and vocations. The purpose of asking the participants what job they held prior to taking charge of their respective departments was to reveal exactly from where the present day purchasing executive comes. The immediate backgrounds are identified in Table 3-22 by both large and small companies. The respondents were not necessarily promoted from within their company to their present position. Many came from other companies.

The findings revealed by this survey show the two major sources of purchasing personnel used by Virginia manufacturing firms to be interdepartmental transfers and the personnel department of their company. One or both of these sources was specified by the majority of the respondents. College recruitment was employed in only ten cases, and all but two of these were found in large companies (Table 3-23). It was not surprising to find that 44 of the companies

use college recruitment to fill vacancies in other departments such as engineering and sales. It appears from these results, that Virginia manufacturing firms are not using college recruitment to a great degree to fill purchasing positions even though it is used to fill vacancies in other departments. Also evidence shows that the major sources of personnel selection are interdepartmental transfers and personnel department selection. The evidence revealed by these findings clearly supports the hypothesis concerning the filling of entry-level positions. Again, inference here only encompasses the manufacturing firms in Virginia.

TABLE 3-22

Immediate Backgrounds of Purchasing Executives
in Virginia Manufacturing Firms
(1967 Survey)

Small Companies		Large Companies	
Position Titles	Number of Responses	Position Titles	Number of Responses
Sales Manager*	9	Purchasing Agent Asst	7
Purchasing Agent	8	Director Purchases	5
Clerk	6	Production Supt.	4
Accounting	5	Buyer	3
Industrial Engineering	5	Industrial Engineering	3
Buyer	4	Accounting	3
Supervisor	4	Manager of Business	2
Shipping/Receiving	3	Clerk	2
Estimating	2	Materials Production Mgr	2
P. A. and Traffic	2	School Teacher	1
Plant Superintendent	1	Building Contractor	1
Customer Service	1	Railway Express	1
Expediter	1	Chamber of Commerce	1
Technical Director	1	Maintenance and Pro-	
Secretary-Treasurer	1	jects	1
Draftsman	1	Estimating	1
School Teacher	1	Sales	1
Research Administrator	1	Special Projects Mgr.	1
Student	1	Storekeeping	1
Self-Employed	1		

*Includes office manager, traffic manager, branch manager, supply house manager, order department manager, marketing manager and materials manager.

Source: Purchasing Personnel Questionnaire results.

TABLE 3-23

Sources of Purchasing Personnel
Utilized by Virginia Manufacturing Firms

<u>Source</u>	<u>Number of Responses</u>
Interdepartmental Transfers	63
Personnel Department	49
College Recruitment	10
Employment Agencies	3
Personal Contact	2
Company Training Program	1

Note: Several companies checked more than one.

Source: Purchasing Personnel Questionnaire results.

Two supplemental conclusions are reached from this information. First, for some undetermined reason, management of the majority of the firms included in this survey think that it is not as important to employ college graduates for purchasing through a college recruitment program as it is for other areas. Occurrences of this nature keep purchasing on a plateau below other functions, and it is damaging to the purchasing image. This indeed supports the general hypothesis. Second, of those companies using college recruitment for purchasing, the majority are large companies. This is another point in support of the hypothesis that in Virginia, large manufacturing firms recognize purchasing to a greater degree than small manufacturing firms.

While discussing the subject of college recruitment, it should be noted that

of the 221 students surveyed in this study, 43.4 percent indicated that they would interview for purchasing positions if given the opportunity (Table 3-24). The phrase "if given the opportunity" was used because companies do not interview at Virginia Polytechnic Institute for purchasing personnel. This is substantiated by Dr. W. H. Cato, Director of Placement, "To my knowledge, no company has interviewed specifically for the purpose of recruiting college graduates for positions in the field of purchasing in the last five years."³⁵

TABLE 3-24

Virginia Polytechnic Institute Students
Interested in Interviewing for Purchasing Positions
(1967 Survey)

Curriculum	Number of Responses		
	Positive	Negative	Total
Business Administration	67	56	123
Engineering	21	59	80
Other	8	10	18
Total	96	125	221
Percentage of Total	43.4	56.6	100.0

Source: Student Questionnaire results.

This is especially significant after seeing the requirements for the entry level into purchasing as stated by the respondents. These requirements are discussed in the last section of this chapter, but for our purposes here, it will suffice to say that 17.6 percent of the reporting companies specified college degrees or at least some college training as part of the requirements for these

positions. One logical reason for this might be the desire of purchasing executives to get incoming personnel who have training in other parts of the company operations. Perhaps training is much easier and faster for someone who has seen how other departments operate and who would be better equipped to do the desired job. These answers by no means remove all questions and doubt from the area. This general area would be a good starting point for another research project for someone interested in purchasing and college recruiting.

The fact that so many students showed an interest in purchasing was somewhat surprising. It was expected that less than ten percent would be interested in interviewing for a purchasing position. This is difficult to explain in light of the large majority of students who said they had not considered purchasing as a career. Some possible explanations present themselves after analyzing these results. First, some students may not know exactly what they want to do and would be willing to investigate purchasing. Second, perhaps others consider their first job as just a starting point, without seriously considering the field as a career, and at the time they answered the questionnaire this field of work was brought to their immediate attention. These results do not lend support to the hypothesis concerning career and/or position selection.

Personal Characteristics Required for Purchasing

One of the categories of desirable qualifications for people who aspire to purchasing careers is that of personal characteristics. Probably many of the characteristics that promise success in purchasing are the same as those in any

other field, and probably no two executives would agree precisely with a list of traits or their order of importance. Nevertheless, personal characteristics are an important factor in the investigation of purchasing's image.

Some of the characteristics which appear to be more important are found in the following list: integrity, dependability, initiative, industriousness, co-operation, tact, ability to learn, ability to work on details, mechanical aptitude, good human relations, inquiring mind, sense of values, and ethical standards.³⁶ The Purchasing Handbook, edited by George W. Aljian, presented four intangible qualities of personal character required for satisfactory performance of purchasing responsibilities. They were: integrity, dependability, competence and prudence. There is considerable overlap with the first list presented.

A most interesting study made on this subject by Arthur R. Pell was presented in the May 21, 1962 issue of Purchasing. Pell made an extensive survey of management executives, salesmen, and purchasing agents to find out if there were any specific personality characteristics that were common to the successful purchasing agent. The characteristics most frequently mentioned were open-mindedness, curiosity, imagination, integrity and skepticism.³⁷

Others stressed the importance of the administrative aspects of purchasing and the results when paper work gets bogged down. Several said the purchasing agent must be decisive and be able to stand by his decisions once he has the facts. He must be able to work under pressure of deadlines, pressure from management and salesmen. Still others said the best purchasing agents are self-assured and confident.³⁸

In sizing-up the purchasing agent, Ohio Seamless Tube, a division of Copperweld Steel, held a special session of its entire sales staff to discuss nothing but the purchasing agent. They came up with a composite of the purchasing man of today. To them, he is a knowledgeable, sophisticated, and technically proficient specialist.³⁹

Most of the salesmen indicated that plant visits provided first-hand observation of the new type purchasing agent. The agent asked more questions and many times he was ready to discuss requirements on the spot. They appeared to have more confidence in themselves. Salesmen believed that top management's position regarding the purchasing function has had an effect on the attitudes of purchasing agents.⁴⁰

It is evident that with the purchasing agent possessing such qualities as these, he will be highly regarded in company management. Possessing these characteristics and living up to them day by day brings the purchasing agent a long way from the description given in Chapter II. If purchasing agents in all firms live up to these standards, it will help to improve the image of purchasing. The continuous building of purchasing's reputation will be a means of elevating its status.

One personal characteristic investigated specifically in this study was that of age. In linking the age of the people in a career field to the image of that field, it is difficult to pinpoint concrete facts. It does seem reasonable that this characteristic would tend to create an unfavorable image of their function. This might indicate that once a certain point is reached, the field becomes dead-end.

In a May, 1967 study of the New York Purchasing Agents Association, it was found that the peak percentages fell in the range of 41-50 years of age. Below is a complete breakdown of the age findings:

<u>Years</u>	<u>Total Reporting</u>	<u>Percentage of Total</u>
30 or under	26	4
31 - 40	138	22
41 - 50	236	37
51 - 60	188	29
over 60	47	8.41

In a survey of the New England Purchasing Agents Association, the age ranged from 24 to 73 for the manufacturing portion. The average age was figured to be 45.87 years.⁴²

In still another survey, Marshall G. Edwards tabulated the ages of the respondents to the National Association of Purchasing Agents membership requests. The results were given as follows:

<u>Years</u>	<u>Total Reporting</u>	<u>Percentage of Total</u>
under 30	414	4.4
30 - 39	2148	22.7
40 - 49	3483	36.8
over 50	3411	36.1 ⁴³

The results of the survey of Virginia manufacturing firms showed that the modal range was that of the 41-50 year group. A further breakdown of the age groups is presented in the following table.

TABLE 3-25

Age Groups of Executives in Charge
of Purchasing Departments in Virginia Manufacturing Firms
(1967 Survey)

Age Group	Percentage in Each Group	
	Small Companies	Large Companies
Under 30	8.0	2.5
30 - 35	19.4	5.0
36 - 40	11.3	12.5
41 - 45	22.6	32.5
46 - 50	22.6	32.5
Over 50	16.1	15.0
Total	100.0	100.0

Source: Purchasing Personnel Questionnaire results.

It was hypothesized that purchasing agents in Virginia manufacturing firms are older men; and as a result of this study, it appears that the majority fall in the 41 to 50 age group. Based on these findings, it could be concluded that these men would definitely not be considered "old." It seems logical that the purchasing executive would fall in this age category in order to have had the experience necessary to fill this position. Therefore, these results do not support the hypothesis that purchasing executives are older men.

Educational Background

Educational background is one of the important factors which influence the image of any profession. For instance, in order to practice law, a lawyer must

obtain his degree and pass the state bar examinations. Also, in order for a medical doctor to practice, he must obtain his medical degree, serve an internship, and be licensed by the state. These requirements are necessary and, once completed, there is a high level of status attached to the profession. The higher the education of those within a profession, the better the image of that field.

There seems to be no disagreement with the need for purchasing agents to have a good background. As the purchasing function expands into the materials-management concept, education will become more important to purchasing personnel. Even a knowledge of law is necessary for some buyers. There has been much discussion about what type of educational background would be best for young men entering the purchasing field. The brochure "Purchasing as a Career," edited by

I. V. Fine, states that:

No one type of educational background is universally conceded to be the best one for developing the qualifications of a student preparing for a career in purchasing. Educational qualifications will of course, vary with the size and type of company and the importance placed on the purchasing department within the company.⁴⁴

Lamar Lee, head of purchasing in the Graduate School of Business at Stanford University, suggests several basic subjects with which the modern purchasing executive should be familiar. Some of these are: principles of management, business economics, accounting, statistics, marketing, manufacturing, finance, English and employee relations. Human elements of management and legal aspects of business should be included, also. For the purchasing executive who has not studied these subjects in obtaining a degree, they can be taken through night classes at university extensions or through correspondence classes.⁴⁵

For the college student who has the opportunity to take various courses in purchasing, Harold Berry, who heads the National Association of Purchasing Agents' Professional Development Committee, has this to say:

We still feel that a good sound basic bachelor degree in business administration, engineering, or even in the liberal arts school should precede a purchasing education. Included in the undergraduate schools, regardless of the major, we would like to see one or two semesters of purchasing for all who enter business. We are not eager to develop purchasing majors at this point but feel that purchasing education in depth should follow undergraduate training.⁴⁶

The brochure mentioned earlier, edited by I. V. Fine, seems to be in agreement. It presented the following statement:

Probably the ideal college training would consist of an undergraduate degree in engineering (at least for metalworking firms) and a Master's Degree in business administration. For chemical or pharmaceutical firms, the undergraduate work should be in those fields rather than in engineering. For the student who seeks a career in purchasing and cannot devote more than four years to this college training, it is generally believed that business administration training would be best, provided it was supplemented by elective work in technical subjects to the greatest extent possible.⁴⁷

More than 300 colleges and universities in the United States teach purchasing in some form. Of these, 168 offer more than one course.⁴⁸ Virginia Polytechnic Institute is one of the four colleges in Virginia which offer courses in purchasing. To find out more about these courses, several questions were asked in the student questionnaire used in this study.

The students were first asked if Virginia Polytechnic Institute offered courses in purchasing, specifically to find out how well this information had been circulated. Of the 221 students, 43.4 percent knew the courses existed, and the majority of these were business students.

Next, the students were asked if they had ever taken a purchasing course at any college. Only 5.9 percent indicated that they had taken such a course and all were business administration students. This response was anticipated; therefore, the students were asked if they thought purchasing courses should be taught on the college level. An overwhelming 92.8 percent answered positively.

From the students reactions, it is evident that there is a need to make known the existence of purchasing courses at Virginia Polytechnic Institute. There is also evidence that enrollment in purchasing courses needs to be increased, even though the majority of students recognize the importance of the courses being taught. The responsibility of making the existence of the courses known and increasing enrollment in them falls on the college administration.

Before going on to the educational background of the purchasing personnel respondents, a brief view of the entry level into purchasing and the educational qualifications for this level should be presented. In questioning the purchasing personnel, it was discovered that several positions are often designated as the entry level into purchasing, Table 3-26 presents these findings.

TABLE 3-26

Entry Level Positions into Purchasing Departments
in Virginia Manufacturing Firms

Entry Position	Percentage Response to Each Position	
	Small Companies	Large Companies
Clerk	29.0	20.0
Expediter	16.1	5.0
Assistant Buyer	33.9	45.0
Buyer	12.9	25.0
Other	8.1	5.0
Total	100.0	100.0

Source: Purchasing Personnel Questionnaire results.

From the results indicated in the preceding table, the observer can see that the position of assistant buyer is most often designated the entry position. In the small companies the position of clerk is second and expediter is third. In the large companies the positions of buyer is second and clerk is third. This would seem to indicate that there is more status and a better image attached to purchasing in the large companies; however, another aspect related to these positions should be reviewed before a conclusion is reached. The educational requirements play an important part with these positions. According to the purchasing personnel included in this study, educational requirements vary from a college degree to no requirement at all, Table 3-27 presents the findings.

TABLE 3-27

Educational Requirements for Entry Positions
in Purchasing Departments in Virginia Manufacturing Firms
(1967 Survey)

Requirement	Percentage Response to Each Requirement	
	Small Companies	Large Companies
College Degree	11.3	52.5
Some College	8.1	15.0
High School	45.2	32.5
Experience	6.4	0.0
No Requirement	29.0	0.0
Total	100.0	100.0

Source: Purchasing Personnel Questionnaire results.

It is evident from the data presented in the above table that large companies are much more stringent on entry position requirements or at least they formalize their requirements into policy to a greater degree. Of the large companies, 67.5 percent require a college degree or at least some college, while only 19.4 percent of the small companies have this requirement. The greatest percentage of small companies indicate high school requirements. Several small companies indicate no requirement at all, which might mean no formal educational requirement, but this is not true of the larger companies. The findings presented here support the hypothesis stated in the first chapter concerning large company recognition.

In investigating actual educational backgrounds, several studies were reviewed. In a 1964 survey of the New England Purchasing Agents Association, respondents from the manufacturing segment of industry reported educational backgrounds as follows:

High School	178 yes	6 no
College	86 yes	89 no
Advanced Degree	18 yes	105 no ⁴⁹

No explanation was given with these figures; therefore, it is difficult to determine exactly how many respondents were included.

Another survey of educational background was conducted by the New York Purchasing Agents Association in May, 1967. The results of 654 respondents to this survey follow:

High School Some College	308	(47%)
College Degree Some Graduate Work	283	(44%)
Graduate Degree	54	(9%) ⁵⁰

In a broader survey by the National Association of Purchasing Agents, over 9,500 respondents indicated their educational backgrounds. This survey included buyers, specialists, supervisors, and department managers. The results of this survey are presented below:

<u>Educational Background</u>	<u>Total Reporting</u>	<u>Percentage of Total</u>
High School	4993	52.5
College Degree-Technical	946	10.0
College Degree-Nontechnical	2287	24.1
Graduate Degree (Master or Doctorate)	1277	13.4

Nearly all of those in the high school classification had completed supplemental courses beyond the high school level.⁵¹

The survey conducted in the Virginia manufacturing firms was on a more limited basis than those previously presented. Only the executives in charge of the purchasing departments were included and the respondents were classified according to large and small businesses. The results of this survey are tabulated in Table 3-28.

After reviewing the results presented in Table 3-28, it is evident that purchasing agents in both small and large companies have generally not stopped with a high school education. Over 50 percent of the executives of small companies

have college degrees or at least some college and better than 62 percent of the large company executives have college degrees or at least some college. This is a step in the right direction for the improvement of the image of the purchasing function.

TABLE 3-28

Educational Backgrounds of Purchasing Executives
in Virginia Manufacturing Firms
(Aug. 1967 Survey)

Formal Education	Percentage of Each Level	
	Small Companies	Large Companies
Less than high school	1.6	0.0
High school	8.1	5.0
Supplemental courses	38.7	32.5
Some college	14.5	5.0
College degree (technical)	12.9	15.0
College degree (other)	21.0	35.0
Graduate degree	3.2	7.5
Total	100.0	100.0

Source: Purchasing Personnel Questionnaire results.

Although the results of the small companies show that a large percentage of the purchasing executives have college degrees, it appears that the large companies have taken the lead which tends to show a more favorable image. The large number of degrees reported by the respondents does not lend support to the segment of the hypothesis that purchasing executives are without college degrees.

In the preceding pages the factors chosen for this investigation have been discussed and the findings presented. Before preparing final conclusions and recommendations a brief discussion of the future of purchasing appears to be in order.

CHAPTER IV

PURCHASING IN THE FUTURE

Purchasing in the future is going to be significantly different from the past and even the present day. New concepts are being developed and put into practice. New techniques and methods are being used which require more efficient and qualified personnel. There will be many changes, and for the future purchasing executive, these changes must be taken in stride to keep up with the pace of the fast moving business world. For these reasons, it is important that some of the future concepts, techniques, and trends be placed before prospective purchasing personnel.

Materials Management Trend

The concept of materials management is based on the theory that more effective control over an important aspect of a company's operations can be obtained by placing all departments connected with the materials used in manufacturing under a single head. Departments such as purchasing, traffic, stores, inventory control, and receiving are included under this concept. These departments handle various aspects of the general problem of efficient and economical planning, scheduling, and handling of materials.⁵²

In 1961, Purchasing surveyed a representative group of purchasing agents throughout the country on the topic of materials management. Of those responding, 20 percent indicated that their companies had already adopted the concept and 28 percent said the concept could be adopted successfully.⁵³

Indications are that the larger companies are leading the way in materials management. For example, C. A. Jurgensen, Vice President of DeLaval Turbine, Inc., feels that the trend in large corporations is toward materials management. "A company can more easily and accurately relate its needs to the vendor through the materials manager. The materials manager integrates the vendor with the manufacturer's facilities and provides a unified control from the raw materials stage to the finished product."⁵⁴

The change to materials management at Daystrom Military Electronics Division in Archbald, Pennsylvania, has been all to the good. Purchasing has been upgraded from the subordinate position it once held, to an influential section of the materials department. Recognition has come as a result of achievements, and morale is higher. The low-man-on-the-totem-pole feeling is gone. Materials Manager, Fred M. Seitz, says that at Daystrom:

There is no function that has suffered from the changeover to materials management. We have better control. There is pin-pointing of responsibilities throughout. It's the project planners job to get the customer's order through the plant. He cannot pass the buck for material shortages to purchasing. As the first step in production, purchasing is a vital, integral part of the entire manufacturing process.⁵⁵

Materials management is possible for small companies too. Clayton Bowman, Purchasing Agent for Wesel Manufacturing Company thinks this concept works great for small companies. "For a small company, it strikes me that the best way to control materials is to have one person supervising purchasing, stores, shipping and receiving."⁵⁶ He has found it has a number of important advantages such as the following:

1. The materials manager is in a position to keep track of both material requirements and work in progress, making sure there are no shortages.

2. Similar methods can be used to bridge stores and purchasing when both are under one person.

3. No rivalry or buck-passing is found among the materials function.

4. The materials manager has a greater scope, more chance to make contributions to the business, and exercises a stronger voice in management.⁵⁷

The "Profile of the National Association of Purchasing Agents Membership" published in 1966 showed that various other functions reported to purchasing. The report did not say the companies had adopted the materials management concept; however, it is an indication that the theory is being accepted. The following shows the top five functions reporting to purchasing.

<u>Rank</u>	<u>Function</u>	<u>Total Reporting</u>	<u>Percentage of Total Reporting</u>
1	stores	1007	29.6
2	traffic	786	23.0
3	materials control	716	21.0
4	receiving	662	19.4
5	services	503	14.7

Total individuals responding: 3,411. Percentages are based on this total although some listed more than one function reporting to purchasing.⁵⁸

As more and more companies gain additional knowledge about the theory behind materials management and its application to their respective companies,

this concept will surely become more widespread than it is today. As the use of computers becomes more widespread, in both large and small industrial firms, materials management is in line for adoption.

Many have raised the question of who is to fill the position of materials manager once a company adopts the concept. In the purchasing opinion poll mentioned earlier in this section, sixty percent of those responding said the purchasing agent was the logical candidate in most companies. Production control manager was second with 31 percent. Also, of those responding 65 percent said most purchasing agents they knew were qualified to accept the responsibility of materials manager. As a final note of interest, in the survey 83 percent of the respondents believe that the purchasing agents or materials managers in industry should be both the actual and nominal equal of the managers of sales, engineering, finance and manufacturing.⁵⁹ Stanley E. Bryon voiced his opinion on the subject of the purchasing agent becoming materials manager in an article published in 1963.

Although the purchasing agent is the logical candidate for the job, he must have the qualifications that management demands. If he is to become a materials manager, the 'old style' purchasing agent must acquire new managerial skills, new attitudes, different social values, and different habits.⁶⁰

The materials manager of tomorrow must have more education, more training in the various operations that fall under a materials manager; and he must be willing to keep abreast of the constant changes that are taking place in the world of purchasing. He must become familiar with data processing systems

and integrated information systems in order to make better decisions on which management can rely. Any purchasing agent who prefers to remain a buying specialist is not suitable for the position of materials manager.

Continuing education seems to be the key for developing a proper background for materials managers. The men who will become materials managers must continue to develop their minds, as education is recognized as the source of individual progress and progress of society in general. Margaret Mead summed it up well when she said, "We are now at the point where we must educate people in what nobody knew yesterday, and prepare people in our schools for what no one knows yet, but what some people must know tomorrow."⁶¹ The responsible men of modern business cannot be content to possess a college degree, they must keep going forward in the quest for knowledge. This was the idea behind John Mason Brown's reference to "The American myth by which we expect the skin of a dead sheep to keep the mind alive forever."⁶²

Electronic Data Processing

Since World War II, tremendous strides have been made in the development of electronic equipment used for recording and analyzing information. Purchasing by the nature of its requirements is an area in which electronic data processing has found wide application. Those in the field of purchasing and those who may enter the field will have to learn much that is new in order to make use of all the opportunities of this electronic tool.

There seems to be no question that automation is going to have an effect on purchasing. Many clerical tasks will become routine machine operations, but

more important, automation will give purchasing executives a better shot at top management positions. "Although purchasing's ability to contribute directly to company profits already insures management recognition, it is automation that will give the purchasing manager the time and information he needs to do a better job. This is why automation is viewed as possibly easing purchasing's way to the top."⁶³

Perhaps one of the most interesting uses of electronic data processing in purchasing is in the elimination of routine paper work for repetitive orders. In many manufacturing concerns 80 percent of all orders account for only about 20 percent of the total dollar purchases. Much of this 80 percent represents repetitive-order paper work for the buyer. Through the use of electronic data processing, these repetitive items can be ordered automatically, freeing the buyer to concentrate more on such areas as purchasing research, cost reduction, and negotiations. Electronic data processing has not replaced the buyers judgement but rather has given him more time to devote to purchasing more costly items.⁶⁴ By increasing efficiency, data processing helps rather than hurts purchasing. This is not the only reason automation will raise the status of the purchasing manager. A systems review will readily show that some of the important parts of purchasing cannot be processed by machine. Consider the following points:

- _____ Machines cannot organize people to take action;
- _____ Machines cannot locate sources and negotiate contracts;
- _____ Machines cannot generate facts needed for market or business trend survey;
- _____ Machines cannot evaluate or visit potential suppliers;

____ Machines cannot decide which materials to compare, test or evaluate;

____ Machines cannot motivate people to suggest improvements, change schedules, or handle emergencies, nor can they understand the human side of business;

____ Machines cannot decide what or how to plan. ⁶⁵

As stated by John Van de Water, "Information technology will not eliminate the need for purchasing. It will make the job bigger." ⁶⁶

From one sales executive's point of view, tomorrow's purchasing agent must be plugged into electronic data processing. In addition to being a strong source of information, he will have to become more of an expert to whom management can turn for advice on the buy side of make-or-buy decisions. The purchasing man of tomorrow will have to be oriented to computer information systems or be destined to fade from the scene. Accepting the challenge of creating and implementing these programs is a matter of survival for the purchasing agent. ⁶⁷

Automation will require the purchasing manager to take a different view of purchasing. He will have to stop thinking of it as an end in itself. He will have to view his job in relation to the complete organization, and more specifically to areas coming under the materials management concept which is discussed in the following section. He will have to be more knowledgeable about his job, company and the world about him.

Certification of Purchasing Personnel

Of the various ways to elevate standards of competence of purchasing personnel, one that has been the point of discussion for some time is that of professional certification. At the present time, there is no professional purchasing

certification program such as is found in the accounting field or insurance underwriting. It is possible, however, that such a program will be created in the next two or three decades.

Certification programs are basically designed to provide recognition for a high degree of professional competence in various fields of activity. Several years of debate and discussion as to the standards to be applied will probably precede the determination of professional competence in purchasing. The standards to be established will, no doubt, call for academic background, a specified level of experience, and examinations, or some combination of these and others.

As far as can be foreseen, the purchasing function will continue to exist in industry, becoming more important in the years ahead. Purchasing leaders will have to be aggressive in setting the pace for raising the professional level. Those who already have experience in purchasing will have to keep abreast of developments in the field in order to keep up with the professionally trained newcomers.

In looking at the profession question, a top British purchasing executive analyzed the elements that make a particular line of work a profession. It is his belief that purchasing can make the grade to professionalism. He says that in the United Kingdom, integrity, formal qualifications, positive-practical training, and an independent attitude of mind, are generally regarded as the ingredients that go to make the professional man.⁶⁸

In discussing his point of view, Mr. Grammer suggests that the purchasing officer is in the unique position of having a fiduciary relationship with the employer

because he is so closely tied to the "boss" and line management itself. He feels that a relationship of this nature leads to professional status. The purchasing officer in such a role must be a stand-in for the owner of the business and act for him. He must make certain that business is conducted in accord with the highest ethical principles and standards. Mr. Grammer also says that:

The greater the importance that is attached to it, the more demanding will the 'bosses' be that the men who purchase be of the highest caliber, both in personal qualities and in their special training, background and experience. They will have to be professional types. Already in the United Kingdom we can see professional engineers, professional accountants, lawyers, professionally qualified scientists and others being appointed to top purchasing jobs over the heads of the old established buying office men. This, I believe, helps prove that management needs highly qualified men of the professional type in purchasing posts.⁶⁹

In the United Kingdom no one can be a member of a profession on the basis of a university degree alone. Before one can call himself a professional engineer, accountant, doctor or solicitor, he must take and pass recognized professional examinations. Mr. Grammer feels, therefore, that one desiring to call himself a professional purchasing officer should have a definite training period and pass definite professional examinations.⁷⁰

There is another point that is in favor of establishing professional status for the purchasing officer. Whenever vacancies occur elsewhere in the organization and management begins looking for a professional man to fill the position, the purchasing officer can be considered along with the lawyers, engineers, and accountants.

Stuart F. Heinritz, senior editor of Purchasing, says that there is no clear cut answer to the question of purchasing being a profession. It is still a subject for lively debate. He says that based on the professional accomplishments such as principles and ethical standards, strong associations, and sponsored study courses, the adjective fits, and to a degree, it would be practicable to formalize all the elements which are now observed on a voluntary basis and institute a system of appropriate tests and certification. The desire for professional standards of competence and performance is an important force in purchasing progress, but to Mr. Heinritz, "It seems that the indicated course or tactic is to think and act professionally without being too much concerned about climbing up on that pedestal that is rather fuzzily inscribed, 'a profession'." ⁷¹

Another approach to Mr. Heinritz's point of view is to observe professional sports. There are many professional baseball players employed throughout the country, but belonging to the same profession is no great equalizer. Only a small proportion are at the top of the leagues where they hear the roar of the crowd and get their names in the papers. Even in the upper echelon there is a disparity of status and talent. One player may be a hero and his teammate hailed a bum. But most every team has one player who is hailed as the "old pro." He may not be a flashy fielder or a heavy hitter, but he is reliable. He does not make mistakes because he knows what to do. He keeps in condition and paces himself to give his best for nine innings of play. Hard chances are made to look easy because he knows his opponents and plays his position accordingly. In the words of Mr. Heinritz:

It requires no great imagination to translate these qualities from the field of professional sport to that of professional purchasing. They constitute an image of purchasing that is worth more than any title. They shape a high and practicable goal for the individual purchasing man and for the entire vocation. They are the sure foundation for both stature and status.⁷²

CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS

This study was conducted for the purpose of showing that within Virginia manufacturing firms the actual image of purchasing was not the same as the textbook image. The textbook image of purchasing was that of being one of the most important functions in the manufacturing concern.

Current studies and surveys were reviewed for information. This information was correlated with data from two questionnaires which were distributed as a part of the study. One questionnaire revealed factors related to the purchasing image in the minds of Virginia Polytechnic Institute students. A second questionnaire, sent to heads of purchasing departments in Virginia manufacturing concerns, gave information about the image of the purchasing function in these businesses.

At the beginning of the study a series of hypotheses about the purchasing image were formulated. As the study progressed and information was examined various factors related to these hypotheses were presented.

In concluding this study, a brief discussion of each of the hypotheses is presented. The hypotheses and findings are reiterated in each case, and the rejection or acceptance of the hypotheses is based on an evaluation of the findings.

As stated in Chapter I, the general hypothesis of this study is that the image of purchasing in Virginia manufacturing firms does not coincide with its

textbook image of being one of the most highly recognized and important management functions, equal in status with sales and production. Findings which support this hypothesis are presented in the following sections of Chapter III.

In discussing the recognition of purchasing, there is evidence that the majority of the respondents believe that purchasing deserves greater recognition. Of the 102 respondents, 87 made this indication. From this evidence it appears that the images referenced above do not coincide. Other data presented in the section concerning position titles indicate that purchasing is not on the same status level with sales and production. Titles are ranked in two surveys and in both cases, the title of purchasing agent is ranked lowest as a title denoting prestige. It is also revealed that of the 44 companies having established management committees, purchasing is not represented on twelve of them. This is a significant point because it shows that in many cases purchasing is not recognized by top management as an important segment of the organization.

In discussing sources of purchasing personnel, the evidence indicated that other functions utilized college recruitment to a much greater extent than did purchasing in obtaining entry level personnel. College recruitment was used to obtain college graduates for purchasing in only ten companies. It appeared that the other firms did not consider purchasing important enough to warrant the use of this personnel recruitment method. Of the 102 firms included in this study only 28 of them reported that they required a college degree for the entry level positions in purchasing. There is an obvious difference between the number of

firms with this requirement and the number who obtain purchasing personnel through the use of college recruitment.

As hypothesized, the findings presented up to this point indicate that the textbook image of purchasing does not coincide with its actual image. There are findings, however, which show that the images do coincide and that the hypotheses must be rejected on these grounds. This information is found in four sections of Chapter III.

The section on organizational structure presents findings which show that purchasing department heads in both large and small companies in Virginia report to top management officials. The officials of president, vice-president and plant manager were the three most frequently named. This seems to indicate that the images are the same. Table 3-3 points out the congruency of the images by the evidence that, in the majority of cases, purchasing has the responsibility and authority to select the source from which purchases will be made. Purchasing is more than just a processing unit for other departments' requests.

In the discussion of educational background, the results of this research reveal that 46 of the respondents possess college degrees. This finding reflects the trend of top management to hire executives who have advanced their formal education. This appears to be one equalizer for purchasing considering the evidence that in 44 percent of the cases other departments such as sales and production utilize college recruitment to obtain personnel. These facts tend to show that the images discussed in this hypothesis are the same, and are a basis for rejecting the hypothesis. The findings which are contrary to the hypothesis justify the rejection.

The first hypothesis following the general hypothesis stated that the larger manufacturing firms in Virginia have recognized the purchasing function to a greater degree than the smaller companies, and that the larger companies show a more favorable image of purchasing which supports a higher level of status. Throughout Chapter III there are various points concerning the selected factors which support this hypothesis and several which are neutral. There are no findings contrary to it. Both the supporting and neutral points are presented for the benefit of the reader.

Evidence which supports this hypothesis appears in several places. In the section which discusses recognition, it is revealed that 26 of the 40 large companies have established management committees, while only 18 of the 62 small companies have them. Purchasing is represented in 19 of the 26 cases in large firms and 13 of the 18 small firms. This information plus the data concerning the type of committees on which purchasing was represented indicates that the large companies are the leaders. There is still other evidence which is in agreement with this hypothesis.

From the data collected concerning position titles, the title of purchasing agent is used predominately in the large and small companies surveyed. However, large firms use various other more prestigious titles. Small companies use other titles too, but not to the extent that large firms do. This evidence is presented in Tables 3-12 and 3-13.

Large Virginia manufacturing firms appear to create a more favorable image of purchasing than small ones in two other aspects. First, the sources

of purchasing personnel recruitment utilized by them reveals a significant point. Of the ten companies which use college recruitment for obtaining purchasing personnel, eight of them are large companies. Second, large companies indicate higher educational requirements for entry level positions in purchasing than do small companies. As revealed in Table 3-27 over 50 percent of the large companies require a college degree compared to 11 percent of the small companies.

Findings which remain neutral to this hypothesis are presented under several subheadings. First, in discussing the location of purchasing in the organizational structure, it was found that the purchasing personnel in small and large companies alike reported directly to top management in the majority of cases. The positions of president, vice-president and plant manager were indicated most often. Second, in the area of purchasing personnel responsibilities, it was found that more than one-half of the total respondents believed that their personal capabilities were not being fully utilized. Also, in this section it was revealed that purchasing selected the source of purchases in the majority of cases in both small and large firms. The third factor of nonsupport was presented in Table 3-11 concerning recognition. This table showed that 54 of the 62 small companies surveyed and 33 of the 40 large companies believed that purchasing deserved greater recognition. Because the above factors tend to support or remain neutral and no contrary evidence is presented, the hypothesis is accepted.

The next hypothesis states that purchasing agents are older men without a college degree who see themselves at the pinnacle of their careers in small firms more so than in large firms, and that future efforts on their part will be

rewarded by increased salary and fringe benefits rather than by promotions. Certain elements of support for this hypothesis can be derived from the information presented in Chapter III.

As Table 3-25 indicates, the ages of the majority of the respondents are between 41 and 50 years. Less than 16 percent are beyond 50 years of age. These data reveal that the respondents are younger than anticipated. To be consistent with the hypothesis, the majority of the respondents would be older than 50 years of age. Therefore, it is concluded that this information is directly contrary to the hypothesis.

In reviewing the formal education of the respondents from Virginia manufacturing firms, it was found that almost 46 percent possessed college degrees. Of those without degrees, eleven had completed from one to three years of college work. With this type of evidence, the conclusion here is also contrary to the hypothesis.

Table 3-19 presents the information which was collected for the purpose of showing that more heads of small company purchasing departments see themselves at the pinnacle of their careers than do those in large companies. As this information indicates, there are almost equal responses from both large and small companies. The difference is slight and appears to be of no major significance; therefore, this finding is considered neutral.

The last part of this hypothesis, which is concerned with rewards, is associated with Table 3-19. This table reflects the rewards anticipated by the heads of purchasing departments for future purchasing efforts. No valid conclusion

can be reached on this point because several respondents checked more than one answer. This made the percentages inaccurate for the purpose here. Although a conclusion cannot be reached on this point, the other points which were contrary to the hypothesis are sufficient grounds on which to reject it.

Another hypothesis stated that companies fill entry level positions in purchasing by interdepartmental transfers, personnel department selections or means other than college recruitment; although, college recruitment is used in obtaining personnel for other departments. The respondents from Virginia manufacturing firms indicated that they use inter-departmental transfers or the personnel department or both in the majority of cases. Table 3-23 reflects the number of responses for each source. Only ten companies stipulated college recruitment as one of the methods of obtaining purchasing personnel, while 44 use this method for obtaining personnel for other departments such as sales and engineering. From the findings presented in this study, there seems to be ample support for this hypothesis; therefore, it is accepted.

The final hypothesis concerned the knowledge of Virginia Polytechnic Institute students regarding the purchasing field. It was hypothesized that these students in business administration and engineering were generally knowledgeable of the purchasing field and its opportunities although they did not consider positions and/or careers in purchasing. At various places in this study, points were presented which supported this hypothesis.

Reasonably accurate estimates of purchasing salaries (Table 3-8) and the recognition of purchasing as a profit-making function by the majority of the

students (Table 3-10) indicate that the students are knowledgeable of the purchasing function as hypothesized. Although only a small percentage have ever taken a course in purchasing, the majority recognize that purchasing is not a dead-end field and that it is important that it be taught on the college level as are courses in sales and production. This evidence is presented in Table 3-17. Another point which supports this hypothesis should be presented to give a more complete picture of the findings. The majority of the students stated that they had not considered positions in purchasing or purchasing as a career. This could probably be related to the evidence that few companies have interviewed at this college for the purpose of recruiting for purchasing positions. Based on the above evidence the hypothesis was accepted.

Based on the findings of this study, some recommendations are made which might benefit the purchasing function. These recommendations are compiled from the factors which appear to have an effect on the image of purchasing.

It is recommended that:

1. Virginia manufacturing firms continue the movement toward the materials management concept. This concept seems to be a logical approach to more efficient company organization. The better organized the firms, the better their chances for survival in the business world. From the results of this study, it is evident that some companies are progressing toward this concept, but the percentage is small. As indicated in a survey conducted by Purchasing, the head of the purchasing department is the most logical person to fill the

position of materials manager. Since this would incorporate several segments of the company operation it would tend to place the purchasing head in a position of increased status and prestige.

2. Virginia manufacturing firms establish company policies which dictate the use of college recruitment as a means of obtaining personnel for entry level purchasing positions. Strong purchasing departments can be built by bringing in well educated personnel who have the desire to pursue careers in the purchasing field. By initiating policies which provide for the use of college recruitment, purchasing would be on a more equal status level with other functions. As indicated in this study, only a small percentage of the respondents' companies use college recruitment to bring personnel into the purchasing department. Also, it was revealed that the majority of the students surveyed would be interested in interviewing for purchasing positions if the opportunity arose.

3. Those in charge of purchasing departments in Virginia manufacturing firms support a buyer award program as a form of recognition. It is believed that greater participation in a program of this kind would create more incentive to do an outstanding purchasing job. This type of action would help to improve the image of purchasing because of the additional recognition involved.

4. Those manufacturing companies in Virginia that have established make-or-buy committees, on which there is no purchasing representative, take immediate steps to place the purchasing executives on those committees. Any time make-or-buy committees are established, purchasing should be represented

at the inception because of its responsibility and knowledge of this activity.

Purchasing is the logical place for top management to go for advice concerning make-or-buy decisions. By having representation on important committees such as this one, purchasing can help to improve its image.

5. Top management in Virginia manufacturing firms make use of the results of the student responses in regard to the ranking of purchasing executive titles. The titles of "Director of Purchases" and "Manager of Purchases" could be employed to help improve the image. According to the student responses, these two titles were ranked first and second respectively, with the title of "Purchasing Agent" ranked last. The titles were ranked according to the status connoted by the title. It was revealed that the title of "Purchasing Agent" was used most often in the companies.

It is the intent of these recommendations to be of assistance in promoting the purchasing function. Possibly these recommendations will help to eliminate some of the obstacles that have kept purchasing from reaching the status level of other major company functions.

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APPENDIX A

INDUSTRIAL PURCHASING QUESTIONNAIRE

Curriculum _____ Major Area _____ Class so. jr. s:

1. To your knowledge, does VPI offer courses in purchasing?
yes ___ no ___
2. Have you taken courses in purchasing at any college or university? yes ___ no ___
3. Do you think purchasing should be taught on the college level? yes ___ no ___
4. Have you considered purchasing as a career? yes ___ no ___
5. At the entry level into purchasing, what would be your estimate of the typical assistant buyer's annual salary? \$ _____
The purchasing agent is typically the head of the purchasing department. What would you estimate his annual salary to be? \$ _____
6. Would you interview for a purchasing position if given the opportunity? yes ___ no ___
7. Do you think purchasing should be recognized as: (check one)
___ a service function
___ a profit making function
8. From your perception of purchasing positions, how would you rank these positions between the two extremes shown below?
Imaginative and creative ___ ___ ___ ___ Routine and dull
(check one blank)
9. From your point of view, rank the following from the standpoint of status connoted by title. (Place numerical ranking in space provided.)
___ Manager of Purchases
___ Purchasing Agent
___ Director of Purchases
10. From your point of view, rank the following from the standpoint of status connoted by title. (place numerical ranking in space provided)
___ Production Manager
___ Purchasing Agent
___ Sales Manager
11. Do you consider purchasing to be a dead-end field?
yes ___ no ___

APPENDIX B

July 27, 1967

Dear Sir:

Several days ago I sent the enclosed letter and questionnaire to selected purchasing personnel in manufacturing firms in the state of Virginia, seeking information for the study in purchasing that I am presently undertaking. This information is vital to the successful completion of this study.

Several returns were received. However, since additional returns are desired to complete this study, I again seek your help. If you have not completed the questionnaire, your assistance in providing this information will be greatly appreciated.

In the event you have already completed and returned the questionnaire, please discard the one enclosed and accept my thanks for your valuable assistance.

Sincerely,

Zack E. Osborne

ZEO:lmg

Enclosure

July 14, 1967

Dear Sir:

Purchasing departments usually use a large percentage of each sales dollar for the purchase of materials used in the manufacturing process. Purchasing, however, is a function which management often neglects. The opportunity to study purchasing, while a candidate for the Master of Science degree in business administration at Virginia Polytechnic Institute, allowed this problem to present itself as a worthy topic for research.

A significant study of this problem area can be conducted only with the help of dedicated people engaged in the field of purchasing. It will be greatly appreciated if you can help in this study by completing the attached questionnaire and returning it at your earliest convenience.

The information will be compiled with all other resources and presented only in combined form, without the use of individual or company names. As indicated under the optional information section, you may make your identity known or remain completely anonymous. If identities are given they will not be revealed in the results of the study.

I thank you for your valuable time and assistance. If you would like to receive the tabulated results of this survey, please note page two of the questionnaire.

Sincerely,

Zack E. Osborne

ZACK E. CSBORNE
GRADUATE STUDENT VPI

PURCHASING QUESTIONNAIRE

1. What was your job before assuming your present position?

2. Do you envision your future efforts being rewarded by:
_____ increases in salary and additional fringe benefits.
_____ promotion.
_____ other (explain) _____
3. If you were to be promoted, what is the title of the most logical position to which you would be promoted?

4. Does your firm have established management committees?
yes _____ no _____
On what management committees do you serve?

Committee	Main purpose of the committee
1. _____	_____
2. _____	_____
3. _____	_____
5. Do you think purchasing deserves greater recognition from top management? yes _____ no _____
6. Do you think the company is utilizing your personal capabilities to the fullest extent? yes _____ no _____
7. Based on salaries paid in positions in other departments, do you think purchasing salaries need to be increased in order to attract the qualified personnel necessary to perform the purchasing function? yes _____ no _____
8. What is the position title of your immediate superior?

9. How are sources of supplies selected?
_____ purchasing usually selects the source
_____ source usually specified by using department
_____ other (explain) _____
10. In employing career people for purchasing, the typical entry level position is:
_____ clerk _____ expediter _____ assistant buyer _____ buyer _____ other
11. Is college recruitment usually used to fill vacancies at the entry level? yes _____ no _____
If not, are vacancies filled by:
_____ interdepartmental transfers
_____ personnel department
_____ other (specify) _____

APPENDIX C

Participating Companies Classified By Type of Business

<u>Classification</u>	<u>Number</u>
Durable Goods	
Automobiles, Trucks, Aircraft/components	4
Electrical Machinery and Equipment	10
Furniture	11
Hardware and Tools	1
Heavy Machinery and Equipment	6
Misc. Metal Parts and Components	5
Plastic Products	1
Precision Instruments	2
Other ^a	9
Non-durable Goods	
Food and Beverages	10
Paper and Paper Products	11
Pharmaceuticals	1
Printing and Publishing	3
Textiles	13
Other ^b	2
Semi-finished Materials and Products	
Chemicals and Plastics	4
Glass	1
Metals	8

^aIncludes cork products, pre-fab homes, razor blades, glass, concrete products, wood products, ceramic products, traveling goods, and communications products.

^bIncludes rubber products and tobacco products.

Source: Purchasing Personnel Questionnaire results.

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ABSTRACT

An Investigation into the Image of Purchasing in Manufacturing Firms in the State of Virginia

by

Zackie E. Osborne

From articles found in publications of the past five to ten years, it appears that in many industries the actual image of purchasing does not coincide with its textbook image, which is that of being one of the most important functions within the company. Therefore, it is the purpose of this study to show that in Virginia manufacturing firms, the actual image of purchasing is different from the one presented in textbooks.

Several hypotheses are developed and tested in this study. The general hypothesis states that the image of purchasing in Virginia manufacturing firms does not coincide with its textbook image of being one of the most highly recognized and important management functions, equal in status with sales and production.

Many books, articles, related studies, and surveys were reviewed for pertinent data. In addition, two questionnaires were developed. One was used to survey VPI students in the fields of Business Administration and Engineering to acquire information about their knowledge and opinions of the purchasing field. The second one was used to survey 250 manufacturing firms in the State of Virginia concerning the purchasing functions. A return of 41.6 percent was

experienced, and of these, 40 companies were classified as large businesses and 62 classified as small businesses on the basis of the number of employees.

In investigating the purchasing image, the data from the questionnaires were compiled and presented in the following categories: location in the organizational structure, responsibilities, salaries, recognition, position status, career advancement, sources of purchasing personnel, personal characteristics, and educational background. Data from books and articles reviewed in this study were combined with the questionnaire results in order to present a more complete analysis of the purchasing image.

Based on the findings of the study, the general hypothesis stated above was rejected. It was concluded that progress had been made in developing the image of purchasing in Virginia manufacturing firms, but additional efforts are required to make the actual image of purchasing coincide with the theoretical image. Most of the other hypotheses were accepted based on the findings and the lack of contradictory evidence.

Several recommendations were made which should be of assistance in improving this image. These recommendations were directed toward company management for use in their role of improving the purchasing image.